



of Companies
34th Annual Report 2018

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED

Vision

*A company providing quality textile
products and maintaining
an excellent level of ethical and
professional standards*



Mission Statement

*To become a leader of textile products
in the local and
international markets
and to achieve
the highest level of success*



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CORPORATE INFORMATION

Board of Directors	Mr. Bilal Sharif Mr. Khurram Salim Mr. Mohammad Amin Mr. Adil Shakeel Mr. Mohammad Salim Mr. Mohammad Sharif Mr. Mohammad Shaheen Mr. Hamza Shakeel Mr. Iqbal Mehboob	Chief Executive / Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director / Chairman Executive Director Non Executive Director Non Executive Director Independent Director
Chief Financial Officer	Mr. Anwar Hussain, FCA	
Company Secretary	Mr. Adeel-ur-Rehman Ansari, MBA	
Audit Committee	Mr. Iqbal Mehboob Mr. Mohammad Amin Mr. Adil Shakeel	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Iqbal Mehboob Mr. Mohammad Shaheen Mr. Hamza Shakeel	Chairman Member Member
Auditors	M/s Mushatq and Company Chartered Accountants 407, Commerce Centre, Hasrat Mohani Road, Karachi	
Legal Advisor	Mr. Shahid Pervaiz Jami	
Bankers	Bank Alfalah Limited Dubai Islamic Bank Habib Bank Limited MCB Bank Limited Meezan Bank Limited Samba Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Share Registrar	Hameed Majeed Associates (Private) Limited 5 th Floor Karachi Chamber, Karachi	
Registered Office	Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, Pakistan Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3 Email: khioff@umergroup.com - Website: http://www.umergroup.com	
Liaison / Correspondence office	9 th Floor, City Towers, 6-K, Main Boulevard Gulberg - II, Lahore, Pakistan Tel : 042 111 130 130 ; Fax: 042 -35770015 Email: lhroff@umergroup.com Website: http://www.umergroup.com	
Mills At:	Spinning Unit is situated at: A-150, SITE Nooriabad, Sindh Tel : 025 4670002 Weaving Unit is situated at: 18 - KM, Sheikhpura Faisalabad Road, Feroz Watwan, Sheikhpura, Punjab. Tel: 056 3731446-7	



FAISAL SPINNING MILLS LIMITED *of Companies*

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 34th Annual General Meeting of the members of **Faisal Spinning Mills Limited** will be held on Thursday 25th October 2018 at 5:00 PM., at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on 27th October 2017.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2018 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividend @ 232% (i.e. PKR 23.20 per share) for the year ended 30th June, 2018, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2018-2019 and fix their remuneration. The retiring auditors M/S Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the chairman.

(By the order of the Board)

Karachi:

Date: 27th September 2018

Adeel-ur-Rehman Ansari
Company Secretary

Notes:

1. The Shares Transfer Books of the Company will remain closed from 17th October 2018 to 25th October, 2018 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 15th October 2018 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2018.
2. Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the company not later than 48 hours before the time of holding the meeting.
3. Pursuant to section 132(2) of Companies Act, 2017 the company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the company reside, provided that the Company receives their demand to participate in annual general meeting through video-link at least seven (07) days prior to the date of meeting.
In this regard, it is requested to fill the following Form and submit at the registered address of the Company at least 10 days before holding of the Annual General Meeting:
"I/We, _____ being a member of Bhanero Textile Mills Limited, holder of _____ Ordinary Shares vide folio _____ hereby opt for video conference facility at _____."
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
5. Section 242 of Companies Act 2017 which states that, "Any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders". In compliance of section 242 SECP issued a circular CLD/CCD/PR(11)/2017 No.18/2017 dated 1-Aug-17 requiring listed companies to obtain electronic dividend mandate from the Shareholders and in this regard a notice had already been sent to all the shareholders.



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NOTICE OF THE ANNUAL GENERAL MEETING

Further, Securities and Exchange Commission of Pakistan (SECP) vide notification No. SRO 1145(1)/2017 dated November 6, 2017 in terms of provision of section 242 of the Companies Act, 2017 issued regulations for distribution of dividends by the listed companies requiring entitled shareholders to provide valid information pertaining to designated bank account including name of bank, title of account, address of bank branch and international bank account number.

In this regard we request all registered shareholders to provide the bank details in order to credit their cash dividends directly to their bank account, if declared. Also provide us verification of bank detail with your concern bank and submit to in case of book-entry securities in CDS, to CDS participants and in case of physical securities to the Company's Share Registrar.

6. In compliance of section 244 of Companies Act 2017 and SECP circular No. CLD/CCD/PR(11)/2017 Direction No.16 of 2017 dated 7-July -2017 regarding dividends, shares or modaraba certificates remains unclaimed or unpaid for a period of three years from the date it is due or payable shall be vested with Federal Government after complying the requirements of Companies Act 2017.

In compliance of SRO 1013(1)/2017 dated 6th September, 2017 the claimant wise details of unclaimed shares, dividend or modaraba certificates as on June 30, 2018 have been uploaded on our website: www.umergroup.com.

In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modaraba certificates.

7. Members are requested to immediately inform of any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.
8. Pursuant to Notification vide SRO 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.umergroup.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 2MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
9. Pursuant to the provisions of the Finance Act 2018 effective July 1, 2018, the rates of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:
- For filer of income tax return 15%
 - For non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing. In the event of non-receipt of the information by 23rd October 2018, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

10. E-Voting, members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.



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CHAIRMAN'S REVIEW REPORT

As required under section 192(4) of Companies Act 2017 attached herewith a review report by the chairman on overall performance and effectiveness of the board of Faisal Spinning Mills Limited (Board) in achieving its objectives.

The company has an effective governance framework which ensures success of the company and during the year under review the board has played an effective and active role in achieving its goals. The board has opted to carry out the evaluation process internally under the regulation 10(V) of Code of Corporate Governance 2017.

The Board has performed and discharge its duties as per provisions of Companies Act 2017, regulations under Code of Corporate Governance 2017 (CCG 2017), guidelines issued by Securities and Exchange Commission of Pakistan (SECP) and regulatory compliance required for listed companies by Pakistan Stock Exchange (PSX).

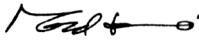
The Board is fully conversant of the fact that risk management is not a one-off exercise rather an uninterrupted process of monitoring and reviewing of crucial areas of business for the success of risk management approach. The board's existing approach of monitoring ensures that risks have been correctly identified, assessed and appropriate controls put in place with a provision of continuous improvements in risk management approach. The sound risk management policies of the board assures the credibility, resources and safeguard of the company's assets.

All the Board proceedings are properly recorded in the minute book of the company, duly approved by the board in subsequent meeting and circulated within 14 days to the board members as required under CCG 2017. The resolutions passed through circulation during the period are properly recorded and put before the board for ratification and adoption. Similarly, all the related party and fixed assets transactions are given thorough consideration before approving the same by the board.

There's a formal policy on remuneration implemented by Human Resource and Remuneration Committee on board ensuring that remuneration shall be enough to attract and retain competent directors in such a way that commensurate with their skills, expertise and responsibility without compromising their independence.

The board of nine directors comprises of two executive, six non-executive and one independent director as required under law in force. The directors are entirely conversant with the technical understanding required for effective functioning of the board activities and committees to the board. Of the nine directors on board three are exempted on the basis of their educational credentials and experience on being on board of listed companies whereas remaining directors attained the certification under Directors Training program from PICG & ICAP.

Karachi:
Date: September 27th, 2018


Mohammad Salim
Chairman



FAISAL SPINNING MILLS LIMITED

Directors' Report

We, the Board of Directors' of Faisal Spinning Mills Limited are pleased to present annual report on audited financial statements of company together with auditors' report thereon for the year ended 30th June, 2018.

Operational Results

The Operational results are here as under:

	2018	2017
	Rupees	Rupees
Sales	11,842,981,031	10,563,662,932
Cost of sales	10,534,518,803	9,516,681,424
Gross profit	<u>1,308,462,228</u>	<u>1,046,981,508</u>
Profit before taxation	721,426,613	494,493,622
Taxation		
Current year	144,142,228	44,726,258
Prior year	(5,759,731)	-
Deferred	5,189,039	18,773,532
	143,571,536	63,499,790
Profit after taxation	<u>577,855,077</u>	<u>430,993,832</u>
Basic and diluted earnings per share	<u>57.79</u>	<u>43.10</u>

Review of Operating Results

During the year under review the company achieved sales of PKR 11,842.981 million as compared to PKR 10,563.662 million in last year.

The gross profit as a percentage of sales stood at 11.05% as compared to 9.91% in last year. The increase in gross profit in current year as compared to last year primarily attributable to rebate and exchange gain on export sales besides exerting stringent controls over production costs.

The company earns a profit after tax of PKR 577.855 million during the year ended 30 June, 2018 as compared to last year profit after tax amounting to PKR 430.994 million.

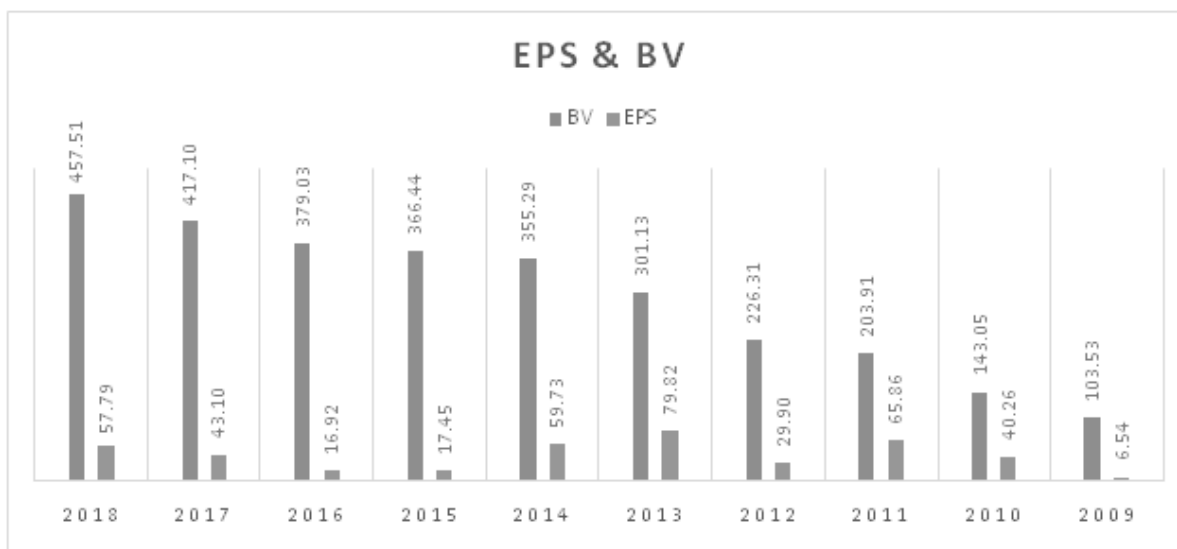
Dividends and Reserves Appropriation

In the preceding year 2017 the dividend at 172.855% i.e PKR 17.25 has been paid by the company whereas for the current year the board of directors are pleased to recommend a final cash dividend of 232% i.e PKR 23.20 per share in line with the recommendation of audit committee for the approval shareholders in forthcoming annual general meeting scheduled on October 25, 2018.

Moreover, the directors proposed to transfer an amount of PKR 300.00 million to the general reserve to meet any unforeseen contingencies in future.

Earning and Break-up Value of Share

The company has exhibited its firm commitment towards shareholders depicted by the increase in both earnings per share from PKR 43.10 to PKR 57.79 and breakup value of share from PKR 417.10 to PKR 457.51 during the current year as compared to corresponding year.



Cash Flow Strategy

Working capital management has a significant role in the success of any business enterprise thus the company focuses on efficient working capital management ensuring and striving for optimum utilization of resources tied to working capital.

During the current year the company paid long term debt amounting to PKR 160.431 million and raised long term debt and short term amounting to PKR 73.894 million and 481.612 million respectively whereas PKR 170.705 million has been paid during the current year towards final cash dividend by the company.

Financial Leverage

A decision on the components of capital structure for a company is of critical importance and have a potential impact on profitability and long term sustainability thus the structure has been maintained in such a way that it derives maximum advantage out of it and is able to adopt the dynamic business environment.

The long term borrowing at year stood at PKR 1,475.536 million (2017 PKR 1,626.136 million) whereas the gearing ratio has been slightly increased during the current year from 0.47 to 0.51 but still it can be regarded as a low leveraged entity. Similarly, there is a marginal decline in current ratio by 0.78 during the current year which stood at 2.84 at year ended June 2018 (3.62: 2017) but still it reflects that company is quite stable and financially sound. The shareholders fund showed an increased and stood at PKR 4,575.085 million for the year ended 2018 (2017: PKR 4,171.012 million)

BMR and Expansion Plans

During the year the board has approved BMR of machinery to keep the company abreast with latest technologies. In order to steer the BMR process of the company the CAPEX of 468.000 million has been approved for latest air-jet looms, engines and machinery.

Credit Rating

The final rating of A/A1 (Single A / A One) has been assigned to the company by the rating company Messer's JCR-VIS. The outlook on the assigned rating is "Stable".

Financial Statements

As required under Companies Act, 2017, listing regulations of PSX and directives issued by the SECP the Chief Executive Officer and Chief Financial Officer present the financial statements, duly endorsed under their respective signatures, for consideration and approval of the board of directors and the board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

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The financial statements of the company have been duly audited by the auditors of the company, Mushtaq & Company, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2018 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

Accounting Standards

The accounting policies of the Company fully reflect the requirements of the Companies Act, 2017 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Act as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Overview on Cotton

The crop cultivation targets for the current sowing season were achieved by over 91 percent as it went up by 1.0 percent as compared with the area under cotton crop cultivation during same period of last year. The cultivation of cotton sowing in the province of Punjab was over 2.29 million hectares of land as against the set targets of 2.31 million hectares for the period under review whereas crop sowing in the Sindh was decreased by 40 percent and attributed the low sowing trend with dry weather during the crop sowing time as well as shortage of water for crop irrigation. The Balochistan and KPK provinces were assigned a task to cultivate the crop over 0.1 million hectares. The recent rains in Punjab & KPK would assist in boosting the area under cotton growing as well as enhance the output.

Analysis on Textile Sector and Future Challenges

The textile industry has been a major source of foreign exchange earnings for Pakistan. The industry was appeased by successive governments through various concessions such as grants and tax-breaks with the presumption that this would help sustain and boost exports in a sustained manner.

However, this did not happen to be the case since concessions were not correlated with any technological parameters, such as improving productivity through the latest machinery and manufacturing techniques.

The competitiveness of Pakistan's textile industry has generally been based on local availability cotton along with experienced and cost-competitive labor. Thus, there was a notion that the textile industry would remain competitive.

However, with time, obsolete machinery and outdated processes created inefficiencies in the industry affecting its competitiveness. Furthermore, nobody imagined countries such as Sri Lanka and Bangladesh would jump into the competition with better technology and improved productivity, and beat us at our own game.

On the global economic and financial front, the on-going tirades being traded incessantly between the United States and China show little hope of settling down at present. United States appears more and more serious about slamming import tariffs not only on China but also on the European Union, Canada, Mexico, United Kingdom and in most other parts of the world, several investors now appear to be taking him seriously. This is leading more and more investors to take a more negative view of global trade.

The commodities like cotton, crude oil, iron and aluminum are going to facing the brunt due to increasing political tensions between bigwigs like America, China and resultantly the European Union and the Emerging Markets.

The global equity markets not only become cautious but have started to see that the boom cycle on the global bourses is henceforth short-lived as it's expected that the European Union (EU) is fully prepared to launch a large number of retaliatory tariffs against exports from the United States.

Consequently, the American tariff war with China and the European Union is going global providing increasing volatility in international trade from South East Asia, South Asia to South America while the Middle Eastern countries like Turkey are already battling with American tariffs as hopelessness is escalating in tariff war which has engulfed the world.

The biggest challenge for newly elected government try to regain macroeconomic stability which is the need of the hour as there is no time to wait for the political dust to settle down.



FAISAL SPINNING MILLS LIMITED

The new leadership will have to work hard if it wants to build on the economic progress and meet the public expectation.

Compliance with Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed.

Statement on Corporate and Financial Reporting Framework

The Directors of your company are aware of their responsibilities under Companies Act 2017, Code of Corporate Governance regulations, listing rules of the Pakistan Stock Exchange Limited and directives issued by Securities & Exchange Commission of Pakistan. As a part of the compliance to the regulators we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control was sound in design and has been effectively implemented and monitored.
- There were no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- All the directors have attended its general meeting unless preclude due to reasonable reason.
- All the directors are assigned with their responsibilities, roles, remuneration, powers and obligation at the commencement of their terms in accordance with Code of Corporate Governance, Companies Act and Article of Association.
- All the directors of the Company are accredited / exempted under Directors Training Program (DTP) as required by the Code of Corporate Governance regulation.
- There's a formal policy duly approved by the board on director's remuneration, anti-money laundering and risk management.
- As required by the Code of Corporate Governance, we have included the following information in this report:
- Statement of pattern of shareholding has been given separately.
- Statement of shares held by associated undertakings and related persons.
- Statement of the Board meetings held during the year and attendance by each director has been given separately.
- Key operating and financial statistics for last six years. Information about taxes and levies had been adequately disclosed in the annexed audited financial statements.
- The company strictly follow the guidelines issued by SECP on prohibition of insider trading for listed companies and no trading in the Company's shares was carried by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except as disclosed in pattern of shareholding.

Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

Related Party

There is a robust policy in place for all related party transactions (RPT) in pursuant to the notification issued by Securities and Exchange Commission of Pakistan vide SRO 768(1)2018 and the guidelines have been duly incorporated in the company policy with regard to transactions and maintenance of records.

Board Evaluation

The company has opted to conduct evaluation process of the board internally in compliance of the regulation 10(3)(v) of code of corporate governance 2017 for assessing the board performance, members of the board and its committee members. A comprehensive review has been carried out entailing statutory documents, the minutes of board and committee meetings, policies currently in place and other ancillary documents, questionnaires, interactions with the board and committees members.

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Board Composition

As required under regulation 36 of CCG 2017 the board of nine directors is comprised as follows;

Sr No	Category	Gender	Total
(i)	Independent Director	Male	1
(ii)	Executive Directors	Male	2
(ii)	Non- Executive Directors	Male	6

Board and Audit Committee Meetings

- Following are the number of meeting held and attended by board of directors, audit committee and human resource & remuneration committee during 2017-18 :

Name of Directors	Committees					
	Board of Directors		Audit		Human Resource and Remuneration	
	Meetings held	Attended	Meetings held	Attended	Meetings held	Attended
Mr. Mohammad Salim	4	4	-	-	-	-
Mr. Mohammad Sharif	4	4	-	-	-	-
Mr. Mohammad Shaheen	4	4	-	-	2	2
Mr. Khurum Salim	4	4	-	-	-	-
Mr. Bilal Sharif	4	4	-	-	-	-
Mr. Mohammad Amin	4	4	6	6	-	-
Mr. Adil Shakeel	4	4	6	6	-	-
Mr. Hamza Shakeel	4	4	-	-	2	2
Mr. Iqbal Mehboob	4	4	6	6	2	2

Audit Committee

The audit committee comprises of three members of which chairman is an independent director whereas all others are non-executive directors and discharge its responsibilities under terms of reference assigned by the board of directors.

Besides meeting every quarter for the approval of financial results, the audit committee also meets once a year with external auditors without the CFO and once with the internal auditor without the presence of the CFO and external auditor as required under code of corporate governance regulation.

The audit committee constituted to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations. The committee reviews the results of the audit with management and external auditors, including matters required to be communicated by the audit committee as required by the code of corporate governance. The audit committee has established robust internal audit system to monitor and review the adequacy and implementation of internal control at each level. The meetings of audit committee were held at regular intervals in compliance of the requirements of Code of Corporate Governance. Interim and annual financial statements were reviewed by the audit committee before the approval of board of directors.

Human Resource and Remuneration Committee

The human resource and remuneration committee (HRRC) is comprised of three members of which majority are non-executive directors whereas chairman is an independent director. The committee has established sound and effective employees' development program that ensures that all federal and provincial laws and regulations that affect employment must be fully complied. HRRC evaluates performance against set of goals and objectives assigned to the senior executive officers and chief executive



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officer. The committee operates under terms of reference assigned by the Board of directors which includes recommendation of remuneration for directors and senior personnel, evaluation process of the board and committee members.

Corporate Social Responsibility Policy

The company through CSR policy, engages itself in several programs at different forum like philanthropic contribution for the benefit of the society and the community as a whole. This eventually creates a stronger bond between employee and corporation which boost up the morale of employees and they feel more connected with the world around them.

Health, Safety and Environment Policy

The company is fully determined for the health and safety measures that aims to ensure that all work activates are done safely. It has made every possible effort to remove or reduce the risks to the health, safety of all workers, contractors and visitors, and anyone else who may be affected by business operations. Moreover, adherence to environmental management standards assures minimizing the environmental impacts of production processes and improving the efficiency of processes.

Human Resource focused on improving the efficacy and enhancing the quality of our work force in the Company. The Company has employed experienced and qualified human resources to meet the challenges ahead. Company also plans to strengthen its team, use employee performance evaluation methods to further strengthen organization structure and effectiveness.

Director's Remuneration

The feature of executive director's remuneration policy is prepared and recommended by human resource and remuneration committee (HRRC) to the board subject to the provisions of the Companies Act 2017, Companies' Article of Association and Code of Corporate Governance Regulations.

The remuneration of the executive directors is determined by considering the market competitiveness which is identical in akin companies, whilst also considering level of competencies, experience, scope of the board assignments and yearly meetings. The executive directors entitled for the fixed monthly remuneration recommended by HRRC which is approved in the board meeting, followed by the approval of members in General Meeting.

No fee or remuneration shall be payable either to non-executive or independent directors.

Statutory Auditors

The present auditors M/s Mushtaq & Co., Chartered Accountants shall retire on the conclusion of the annual general meeting scheduled on October 25, 2018 however, being eligible they have offered themselves for re-appointment. The audit committee has suggested the appointment of M/s Mushtaq & Co., Chartered Accountants, as external auditor for the year ended 30th June 2019. The external auditors M/s Mushtaq & Co., Chartered Accountants have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and the firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan. The Board of Directors also recommended the appointment of M/s Mushtaq & Co., Chartered Accountants, as external auditor for the year ended 30th June 2019.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of report of directors' report.

Acknowledgement

I am highly indebted to Board of Directors, valued shareholders, customers, bankers, suppliers and other stakeholders for their support, trust and confidence. I also appreciate to all employees for their loyalty dedication and hard work which enabled the Company to achieve its objectives.

For and on behalf of the Board of Directors

Karachi:
Date: 27th September 2018

Bilal Sharif
Chief Executive

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2018

The statement is being presented to comply with the requirement of regulation 40 contained in Code of Corporate Governance, 2017 for the purpose of establishing a framework of good corporate governance, whereby a company quoted at Pakistan Stock Exchange Limited is managed in compliance with best practices of corporate governance.

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 09 as per the following:

a. Male: 09

b. Female: Nil

2. The composition of board is as follows:

Category	Name
Independent Director	Mr. Iqbal Mehboob
Executive Directors	Mr. Bilal Sharif Mr. Mohammad Sharif
Non Executive Directors	Mr. Mohammad Salim Mr. Mohammad Shaheen Mr. Mohammad Amin Mr. Khurram Salim Mr. Adil Shakeel Mr. Hamza Shakeel

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. All the directors on the Board are accredited / exempted from directors training programs.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

FAISAL SPINNING MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2018

Audit Committee

Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Mohammad Amin	Member - Non- Executive Director
Mr. Adil Shakeel	Member - Non- Executive Director

Human Resource & Remuneration Committee

Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Mohammad Shaheen	Member - Non- Executive Director
Mr. Hamza Shakeel	Member - Non- Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the audit and human resource committees were as per following:
a) Audit Committee - Quarterly
b) HR and Remuneration Committee -Half Yearly
15. The board has set up an effective internal audit function comprising persons who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board of Directors



Bilal Sharif
Chief Executive



Mohammad Salim
Director

Karachi:

Date: 27th September 2018

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407-Commerce Centre Hasrat Mohani Road Karachi-74200 Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626
Email: Address: mustaq_vohra@hotmail.com



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REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

To the members of **Faisal Spinning Mills Limited** on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Faisal Spinning Mills Limited** for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

MUSHTAQ & COMPANY
Chartered Accountants

Karachi:

Date: 27th September 2018

Engagement Partner:
Mushtaq Ahmed Vohra,
FCA

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Faisal Spinning Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Key audit matter(s)	How the matter was addressed in our audit
1 Preparation of Financial Statements Under Companies Act, 2017 As referred in note 2.6 to the annexed financial statements, the Companies Act, 2017 (the Act), had been promulgated on May 30, 2017. financial statements for year ended as on June 30, 2018 are prepared under first time application of the Act, 2017. The Act, and 4th schedule has revised the disclosure requirements of repealed Companies Ordinance 1984 and 4th Schedule. Some disclosures which are duplicative to the IFRS disclosures requirements are eliminated and some additional significant disclosures are required. Management performed the comparison of old and new disclosure requirements of 4th schedule in order to identify the changes in new reporting framework and assessed the impacts of such changes. This transition to new reporting framework is considered as key audit matter because of their significant impacts in the financial statements.	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none">- We obtained an understanding of the related provisions and schedules of the Act, applicable to the Company and prepared a checklist to assess the Company's compliance with the disclosure requirement of the Act, and 4th schedule.- Discussed with the management and those charged with governance about how the Company is in compliance with all such changes. <p>We ensured that the financial statements have been prepared in accordance with the approved accounting standards and the Act.</p> <p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory and provisions by:</p>

Report on the Audit of the Financial Statements

Key audit matter(s)	How the matter was addressed in our audit
<p>2 Valuation of Inventory We refer to accounting policies, note 18 & 19.</p> <p>The total value of inventory consisting of Stocks and Stores as of June 30, 2018, is amounted to Rs. 2.474 billion representing 29.57 % of the total assets (2017: Rs. 2.096 billion, 28.60 % of the total assets). Inventories are measured the lower of cost and net realizable value. As a result, the management apply judgement in determining the appropriate values for slow-moving or obsolete items.</p> <p>The inventory is material to our audit because the inventory is exposed to price fluctuation due to market factors. The valuation of Finished Goods also involves complex methods of allocation of factory overheads to inventory.</p> <p>Due to above said factors, inventory costing was considered a significant risk of inventory overvaluation.</p>	<ul style="list-style-type: none">- assessing the Company's accounting policies over recognizing inventory in compliance with applicable accounting standards;- attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;- evaluating the design and implementation of key inventory controls;- testing the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value, obtained through a detailed review of sales subsequent to the year-end;- assessing whether bases of allocation of the variable and fixed costs are reasonable; and- an analytic review was also performed on inventory. We assessed the Company's disclosures in the financial statements in respect of inventory.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises director's report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on the Audit of the Financial Statements

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mushtaq Ahmed Vohra, (FCA).

Karachi:

Date: 27th September 2018

MUSHTAQ & CO

Chartered Accountants

FAISAL SPINNING MILLS LIMITED

Statement of Financial Position As At 30th June, 2018

	Note	30 th June 2018 Rupees	30 th June 2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (2017: 12,000,000) ordinary shares of PKR 10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital	5	<u>100,000,000</u>	100,000,000
Reserves		<u>4,200,000,000</u>	3,890,000,000
Unappropriated profits		<u>275,085,662</u>	181,011,828
		4,575,085,662	4,171,011,828
NON CURRENT LIABILITIES			
Long-term financing - secured	6	<u>1,475,536,209</u>	<u>1,626,135,483</u>
		1,475,536,209	1,626,135,483
DEFERRED LIABILITIES			
	7	818,451,774	626,904,405
CURRENT LIABILITIES			
Trade and other payables	8	<u>599,665,652</u>	<u>554,470,168</u>
Unclaimed dividend	9	<u>7,226,735</u>	5,431,439
Accrued markup / interest	10	<u>19,613,533</u>	18,583,998
Short-term borrowings - secured	11	<u>645,651,760</u>	164,039,661
Current portion of non current liabilities	12	<u>224,493,423</u>	160,431,324
		1,496,651,103	902,956,590
CONTINGENCIES AND COMMITMENTS			
	13	-	-
TOTAL EQUITY AND LIABILITIES		<u>8,365,724,748</u>	<u>7,327,008,306</u>

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi:
Date: 27th September 2018

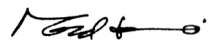


Bilal Sharif
Chief Executive

FAISAL SPINNING MILLS LIMITED

Statement of Financial Position As At 30th June, 2018

	Note	30 th June 2018 Rupees	30 th June 2017 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	3,491,381,821	3,256,739,270
Capital work-in-progress	15	19,809,445	242,440,194
Long term investment	16	599,526,101	549,595,877
Long term deposits	17	9,154,135	8,859,135
		4,119,871,502	4,057,634,476
CURRENT ASSETS			
Stores, spare parts and loose tools	18	70,806,434	85,731,511
Stock in trade	19	2,403,295,127	2,010,274,290
Trade debts	20	1,035,166,834	395,871,780
Loans and advances	21	71,454,064	71,488,616
Trade deposits and prepayments	22	93,073,897	74,568,804
Other receivables	23	13,271,023	2,594,432
Income tax refundable	24	304,036,327	307,380,377
Sales tax refundable	25	129,563,165	210,749,047
Cash and bank balances	26	125,186,375	110,714,973
		4,245,853,246	3,269,373,830
TOTAL ASSETS		8,365,724,748	7,327,008,306


Mohammad Salim
 Director


Anwar Hussain
 Chief Financial Officer

Statement of Profit or Loss For the Year Ended 30th June 2018

	Note	30 th June 2018	30 th June 2017
		Rupees	Rupees
Sales	27	11,842,981,031	10,563,662,932
Cost of sales	28	10,534,518,803	9,516,681,424
Gross profit		1,308,462,228	1,046,981,508
Other income	29	3,700,693	3,019,647
		1,312,162,921	1,050,001,155
Distribution cost	30	343,056,784	322,323,053
Administrative expenses	31	132,299,033	97,374,868
Other operating expenses	32	46,143,681	26,866,270
Finance cost	33	137,361,182	154,386,651
		658,860,680	600,950,842
		653,302,241	449,050,313
Share of profit from associated undertaking		68,124,372	45,443,309
Profit before tax		721,426,613	494,493,622
Provision for taxation			
Current tax - Current year		144,142,228	44,726,258
Current tax - Prior year		(5,759,731)	-
Deferred		5,189,039	18,773,532
	34	143,571,536	63,499,790
Profit after taxation for the year		577,855,077	430,993,832
Earnings per share - basic and diluted	35	57.79	43.10

The annexed notes from 1 to 51 form an integral part of these financial statements.

Bilal Sharif
Chief Executive

Karachi:
Date: 27th September 2018

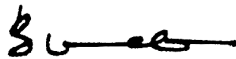
Mohammad Salim
Director

Anwar Hussain
Chief Financial Officer

**Statement of Comprehensive Income
For the Year Ended 30th June 2018**

	30thJune 2018 Rupees	30thJune 2017 Rupees
Profit after taxation for the year	577,855,077	430,993,832
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on remeasurement of employees retirement benefits - gratuity	(1,379,096)	(303,538)
Related deferred tax on remeasurement of employees retirement benefits - gratuity	97,823	19,249
	(1,281,273)	(284,289)
Total comprehensive income for the year	576,573,804	430,709,543

The annexed notes from 1 to 51 form an integral part of these financial statements.



Bilal Sharif
Chief Executive

Karachi:
Date: 27th September 2018



Mohammad Salim
Director

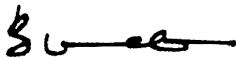


Anwar Hussain
Chief Financial Officer

Statement of Changes in Equity For The Year Ended 30th June 2018

	Share Capital Rupees	Capital Reserves Rupees	Revenue Reserves		Total Rupees
			General Reserves Rupees	Unappropriated Profit Rupees	
Balance as at June 30, 2016	100,000,000	24,150,000	3,625,850,000	40,302,285	3,790,302,285
Final dividend for the year ended June 30, 2016 PKR. 5.0 per share	-	-	-	(50,000,000)	(50,000,000)
Total comprehensive income for the year	-	-	-	430,709,543	430,709,543
Transferred to general reserve	-	-	240,000,000	(240,000,000)	-
Balance as at June 30, 2017	100,000,000	24,150,000	3,865,850,000	181,011,828	4,171,011,828
Final dividend for the year ended June 30, 2017 PKR. 17.25 per share	-	-	-	(172,499,970)	(172,499,970)
Total comprehensive income for the year	-	-	-	576,573,804	576,573,804
Transferred to general reserve	-	-	310,000,000	(310,000,000)	-
Balance as at June 30, 2018	100,000,000	24,150,000	4,175,850,000	275,085,662	4,575,085,662

The annexed notes from 1 to 51 form an integral part of these financial statements.



Bilal Sharif
Chief Executive



Mohammad Salim
Director

Karachi:

Date: 27th September 2018



Anwar Hussain
Chief Financial Officer

FAISAL SPINNING MILLS LIMITED

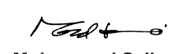
Statement of Cash Flows For The Year Ended 30th June 2018

	30 th June 2018 Rupees	30 th June 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	721,426,613	494,493,622
Adjustments for:		
Depreciation of property, plant and equipment	329,423,478	339,949,215
Share of profit from associated undertaking	(68,124,372)	(45,443,309)
Provision for bad debts	21,198,704	336,623
Infrastructure fee ETO	18,356,828	22,349,295
Infrastructure fee - Gas	137,847,397	-
Provision for staff retirement benefits - gratuity	50,000,086	32,740,228
Loss on disposal of property, plant and equipment	6,368,234	1,099,372
Finance cost	137,361,182	154,386,651
	632,431,537	505,418,075
Operating cash flows before movements in working capital	1,353,858,150	999,911,697
Changes in working capital		
Decrease / (increase) in stores, spares and loose tools	14,925,077	(19,194,671)
(Increase) in stock in trade	(393,020,837)	(11,394,491)
(Increase) / Decrease in trade debts	(660,493,758)	101,700,309
Decrease in loans and advances	34,552	49,491,895
Increase in other receivables	(10,676,591)	-
(Increase) in trade deposits	(18,505,093)	(12,199,727)
Decrease in sales tax refund and other receivables	81,185,882	47,244,489
Increase in trade and other payables	45,195,484	168,919,790
	941,355,284	324,567,594
Cash generated by operations	412,502,866	1,324,479,291
Finance cost paid	(136,331,648)	(148,947,225)
Staff retirement benefits - gratuity paid	(21,127,253)	(27,657,854)
Income taxes paid	(135,038,447)	(122,823,827)
Long-term deposits	(295,000)	-
	(292,792,348)	(299,428,906)
Net cash generated from operating activities	119,710,518	1,025,050,385
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	6,250,000	86,500,000
Addition in property plant and equipment	(354,053,514)	(730,457,476)
Dividend received	18,194,148	5,945,800
Net cash used in investing activities	(329,609,366)	(638,011,676)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from long term finance	73,893,960	432,055,134
Payment of long-term financing	(160,431,135)	(123,681,061)
Increase / (decrease) in short-term borrowings	481,612,099	(588,956,125)
Dividend paid	(170,704,674)	(49,508,317)
Net cash generated from / (used in) financing activities	224,370,250	(330,090,369)
Net increase in cash and cash equivalents	14,471,402	56,948,340
Cash and cash equivalent at the beginning of year	110,714,973	53,766,633
Cash and cash equivalent at the end of year	125,186,375	110,714,973

The annexed notes from 1 to 51 form an integral part of these financial statements.

Karachi:
Date: 27th September 2018


Bilal Sharif
Chief Executive


Mohammad Salim
Director


Anwar Hussain
Chief Financial Officer



FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements For the year ended 30th June 2018

1 The Company and its Operations

- 1.1 Faisal Spinning Mills Limited ("the Company") was incorporated on 31st January 1985 as a public limited company in Pakistan under Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.
- 1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Nooriabad, District Dadu in the province of Sindh and Feroze Wattwan, District Sheikhpura in the province of Punjab.
- 1.3 **Summary of significant events and transactions in the current reporting period**
All significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

2 Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant affect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 45 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year :

Following standards, amendments and interpretations are effective for the year beginning on or after January 1, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not

Notes to the financial statements For the year ended 30th June 2018

expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- ❑ Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.
- ❑ Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.
- ❑ The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on January 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company

- ❑ IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.
- ❑ IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.
- ❑ IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.
- ❑ IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.
- ❑ There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

2.6 New disclosure requirements due to adoption of Companies Act, 2017

Due to adoption of the Companies Act, 2017 certain new and enhanced disclosures have become applicable, which are in addition to those required by the international financial reporting standards. The relevant notes have been updated accordingly.

Notes to the financial statements For the year ended 30th June 2018

3 Summary of Significant Accounting Policies

3.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.2 Employee benefits

Short term employees benefits

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

Defined benefit plans

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.

3.3 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan.

Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the financial statements For the year ended 30th June 2018

3.5 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note except for equipment and other assets. Equipment and other assets are depreciated over the period of three years. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leased assets

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

3.8 Capital work in process

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.9 Investments

Investments in associate - Equity Method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting. These investments are initially recognized at cost, thereafter the carrying amount is increased or decreased to recognize the company's share of profit or loss of associates. Share of post acquisition profit and loss of associates is accounted for in the company's profit and loss account. Distribution received from investee, reduces the carrying amount of investment. The changes in the associate's equity which are not recognized in the associates' profit and loss account, are recognized directly in the equity of the Company.

3.10 Derivative financial instruments

The Company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency borrowings and effects on cash flow of any fluctuations in interest rates. Such derivative financial instruments are stated at fair value.

Notes to the financial statements For the year ended 30th June 2018

The fair value of forward exchange contracts is estimated by reference to current forward exchange rates for contracts with similar maturity profile. The fair value of interest rate swap contracts is estimated by reference to estimated market value for similar instruments.

In relation to cash flow hedges which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income.

When the hedge commitment result in the recognition of an asset or a liability, then, the associated gains or losses previously recognized in equity are included in the initial measurement of the acquisition cost or other carrying amount of an asset or a liability. Effect of remaining period of hedge, if material, is taken to profit and loss account, being considered fair value hedge.

Hedge accounting is discontinued when the hedging instrument is expired or is sold, terminated or exercised, or no longer qualifies for special hedge accounting. At that point, any cumulative gain or loss on the hedging instrument recognized in equity is kept until the forecasted occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to net profit or loss for the period.

Other financial liabilities

All other financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

3.11 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.12 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost or replacement cost whichever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value whichever is lower
Waste	Net realizable value

Valuation of raw material, work in process and finished goods as on 30th June 2018 have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.13 Trade debts and other receivables

These are carried at original invoice amount less provisions for any uncollectible amount. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.15 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.



FAISAL SPINNING MILLS LIMITED

Notes to the financial statements For the year ended 30th June 2018

3.16 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.17 Impairment

All company's assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment losses are recognized in the profit and loss account currently.

3.18 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

3.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.20 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Ordinance 1984.

3.21 Segment reporting

Segment reporting is based on the operating (business) segments of the company. An operating segment is a component of the company that engages in a business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment Segments reported are Spinning, Weaving and Power Generation, Which also reflects the management structure of company.

Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

5 Issued, Subscribed and Paid up Capital

Number of shares			30 th June 2018	30 th June 2017
June 30 2018	June 30 2017		Rupees	Rupees
6,300,000	6,300,000	Ordinary shares of Rs 10 each allotted for consideration - fully paid in cash	63,000,000	63,000,000
3,700,000	3,700,000	Ordinary shares of Rs 10 each allotted as bonus shares	37,000,000	37,000,000
<u>10,000,000</u>	<u>10,000,000</u>		<u>100,000,000</u>	<u>100,000,000</u>

5.1 Associated company holds 1,282,900 (2017: 1,282,900) ordinary shares of Rs. 10 each in the company.

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Notes to the financial statements For the year ended 30th June 2018

	LTF Loans Rupees	Non LTF Loans Rupees	30 th June 2018 Rupees	30 th June 2017 Rupees
6 Long Term Financing - Secured From Financial Institutions				
6.01 United Bank Limited - Term Finance Loan	18,481,000	-	18,481,000	23,761,000
6.02 United Bank Limited - Term Finance Loan	37,722,657	-	37,722,657	41,625,000
6.03 United Bank Limited - Term Finance Loan	67,226,532	-	67,226,532	74,181,000
6.04 United Bank Limited - Term Finance Loan	143,216,000	-	143,216,000	162,972,000
6.05 United Bank Limited - Term Finance Loan	205,785,000	-	205,785,000	234,169,000
6.06 United Bank Limited - Term Finance Loan	140,732,000	-	140,732,000	159,492,000
6.07 United Bank Limited - Term Finance Loan	220,434,750	-	220,434,750	220,434,750
6.08 United Bank Limited - Term Finance Loan	45,616,000	-	45,616,000	45,616,000
6.09 United Bank Limited - Term Finance Loan	85,835,000	-	85,835,000	88,603,000
6.10 United Bank Limited - Term Finance Loan	46,577,189	-	46,577,189	46,577,189
6.11 United Bank Limited - Term Finance Loan	170,248,662	-	170,248,662	170,248,662
6.12 United Bank Limited - Term Finance Loan	13,716,996	-	13,716,996	13,716,996
6.13 United Bank Limited - Term Finance Loan	157,078,237	-	157,078,237	157,078,237
6.14 United Bank Limited - Term Finance Loan	44,434,050	-	44,434,050	44,434,050
6.15 United Bank Limited - Term Finance Loan	-	8,792,099	8,792,099	12,308,939
6.16 United Bank Limited - Term Finance Loan	-	8,518,640	8,518,640	11,616,320
6.17 United Bank Limited - Term Finance Loan	-	9,526,138	9,526,138	12,990,138
6.18 United Bank Limited - Term Finance Loan	-	12,737,895	12,737,895	16,983,855
6.19 United Bank Limited - Term Finance Loan	-	50,803,872	50,803,872	67,738,496
6.20 United Bank Limited - Term Finance Loan	-	109,578,496	109,578,496	146,104,664
6.21 United Bank Limited - Term Finance Loan	-	29,074,459	29,074,459	35,915,511
6.22 United Bank Limited - Term Finance Loan	73,893,960	-	73,893,960	-
	<u>1,470,998,033</u>	<u>229,031,599</u>	<u>1,700,029,632</u>	<u>1,786,566,807</u>
Less: Current Maturity				
6.01 United Bank Limited - Term Finance Loan	5,280,000	-	5,280,000	5,280,000
6.02 United Bank Limited - Term Finance Loan	5,203,124	-	5,203,124	3,903,000
6.03 United Bank Limited - Term Finance Loan	9,272,624	-	9,272,624	6,954,000
6.04 United Bank Limited - Term Finance Loan	19,756,000	-	19,756,000	19,756,000
6.05 United Bank Limited - Term Finance Loan	28,384,000	-	28,384,000	28,384,000
6.06 United Bank Limited - Term Finance Loan	18,760,000	-	18,760,000	18,760,000
6.07 United Bank Limited - Term Finance Loan	27,552,000	-	27,552,000	-
6.08 United Bank Limited - Term Finance Loan	5,700,000	-	5,700,000	-
6.09 United Bank Limited - Term Finance Loan	11,072,000	-	11,072,000	2,768,000
6.10 United Bank Limited - Term Finance Loan	2,910,000	-	2,910,000	-
6.11 United Bank Limited - Term Finance Loan	10,640,000	-	10,640,000	-
6.12 United Bank Limited - Term Finance Loan	428,656	-	428,656	-
6.13 United Bank Limited - Term Finance Loan	4,908,695	-	4,908,695	-
6.15 United Bank Limited - Term Finance Loan	-	3,516,840	3,516,840	3,516,840
6.16 United Bank Limited - Term Finance Loan	-	3,097,680	3,097,680	3,097,680
6.17 United Bank Limited - Term Finance Loan	-	3,464,000	3,464,000	3,464,000
6.18 United Bank Limited - Term Finance Loan	-	4,245,960	4,245,960	4,245,960
6.19 United Bank Limited - Term Finance Loan	-	16,934,624	16,934,624	16,934,624
6.20 United Bank Limited - Term Finance Loan	-	36,526,168	36,526,168	36,526,168
6.21 United Bank Limited - Term Finance Loan	-	6,841,052	6,841,052	6,841,052
	<u>149,867,099</u>	<u>74,626,324</u>	<u>224,493,423</u>	<u>160,431,324</u>
Total Term Finance Loan Payable	<u>1,321,130,934</u>	<u>154,405,275</u>	<u>1,475,536,209</u>	<u>1,626,135,483</u>

FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements For the year ended 30th June 2018

	Security	Repayment	Markup on LTFF	Markup on Non LTFF
6.01	First pari passu charge over plant and machinery of Weaving Unit situated at 18 Kilometer, Faisalabad Road, Feroz Watwan, District Sheikhupura, to the extent of PKR 1,266.0 million.	The loan is repayable in twenty equal quarterly installments, commenced from 2nd June, 2016.	5.15% (2017: 5.15%)	-
6.02	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commenced from 4th November 2017.	3.50% (2017: 3.50%)	-
6.03	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commenced from 24th November, 2017.	3.50% (2017: 3.50%)	-
6.04	Covered under securities for term finance 6.01	The loan is repayable in thirty six equal quarterly installments, commenced from 09th December, 2016.	3.50% (2017: 3.50%)	-
6.05	Covered under securities for term finance 6.01	The loan is repayable in thirty six equal quarterly installments, commenced from 17th December, 2016.	3.50% (2017: 3.50%)	-
6.06	Covered under securities for term finance 6.01	The loan is repayable in thirty six equal quarterly installments, commenced from 23rd February, 2017.	2.50% (2017: 2.5%)	-
6.07	Covered under securities for term finance 6.01	The loan is repayable in thirty two equal quarterly installments, commenced from 13th September, 2018.	2.50% (2017: 2.5%)	-
6.08	First pari passu charge over plant and machinery of Spinning Unit situated at A - 150, SITE Nooriabad, Sindh, to the extent of PKR 1.374 billion.	The loan is repayable in thirty two equal quarterly installments, commencing from 14th September, 2018.	2.50% (2017: 2.5%)	-
6.09	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 28th May, 2018.	2.50% (2016: 2.50%)	-
6.10	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 29th March, 2019.	2.50% (2017: 2.5%)	-
6.11	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 29th March, 2019.	2.50% (2017: 2.5%)	-
6.12	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 4th April, 2019.	2.50% (2017: 2.5%)	-

FAISAL SPINNING MILLS LIMITED

Notes to the financial statements
For the year ended 30th June 2018

	Security	Repayment	Markup on LTFF	Markup on Non LTFF
6.13	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 4th April, 2019.	2.50% (2017: 2.5%)	-
6.14	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 24th August, 2019.	2.50% (2017: 2.5%)	-
6.15	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 30th March, 2015.	-	Three month KIBOR plus 0.75% (2016: Three month KIBOR plus 0.75%)
6.16	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 5th May, 2015.	-	Three month KIBOR plus 0.75% (2016: Three month KIBOR plus 0.75%)
6.17	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 25th May, 2015.	-	Three month KIBOR plus 0.75% (2016: Three month KIBOR plus 0.75%)
6.18	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 9th July, 2015.	-	Three month KIBOR plus 0.75% (2016: Three month KIBOR plus 0.75%)
6.19	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 4th August, 2015.	-	Three month KIBOR plus 0.75% (2016: Three month KIBOR plus 0.75%)
6.20	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 5th September, 2015.	-	Three month KIBOR plus 0.75% (2016: Three month KIBOR plus 0.75%)
6.21	Covered under securities for term finance 6.08	The loan is repayable in twenty four equal quarterly installments, commencing from 27th October, 2016.	-	Three month KIBOR plus 0.50% (2016: Three month KIBOR plus 0.75%)
6.22	Covered under securities for term finance 6.08	The loan is repayable in thirty two equal quarterly installments, commencing from 30th August, 2020.	2.5% (2017: Nil%)	-

FAISAL SPINNING MILLS LIMITED

Notes to the financial statements For the year ended 30th June 2018

7	Deferred Liability	Note	30 th June	30 th June
			2018	2017
			Rupees	Rupees
	Infra structure fee payable ETO	7.1	91,302,844	72,946,016
	Staff retirement benefits - gratuity	7.2.1	164,907,649	134,655,721
	Deferred taxation	7.3	63,808,800	58,717,584
	Infra structure fee payable - Gas	7.4	498,432,481	360,585,084
			818,451,774	626,904,405

7.1 This represents amount payable to Excise and Taxation Department, Government of Sindh in respect of infrastructure fee levied through fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006). The Supreme Court in his judgment dated 17th May 2011 has decided that fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006) is valid and hence the levy imposed and collected from the effective date of the fifth version i.e. 28th December 2006 is valid and all imposition and collection before 28th December 2006 are declared to be invalid. The company has now filed petition in Sindh High Court, challenging fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006 regarding levy of infrastructure fee from the 28th December 2006. During the pendency of decision on fifth version of law, Sindh High Court has directed on 31st May 2011 to pay 50% of liability to Excise and Taxation Department, Government of Sindh, and provide bank guarantee of the remaining amount as calculated in accordance with the decision of Supreme Court of Pakistan. Subsequent imports of the company be released against 50% payment infrastructure fee to Excise and Taxation Department, Government of Sindh and furnishing bank guarantee of balance 50% amount. This also includes an amount payable to Excise and Taxation Department, The Government of the Punjab, in respect of Infrastructure Development Cess. The company had filed WP No. 25754/16 in Lahore High Court and during the pendency of decision, Lahore High Court has directed to pay 50% of the liability to Excise and Taxation Department, Government of the Punjab and provide bank guarantee of the balance 50% amount. The company has provided bank guarantees amounting to PKR 91.48 Million (June 30, 2017: PKR 73.909 Million) in respect of unpaid infrastructure fee. The company has accrued unpaid infrastructure fee.

7.2 Staff retirement benefits - gratuity

7.2.1 Movement in liability recognized in the balance sheet

Balance at beginning of year		134,655,721	129,269,809
Charged to profit and loss account and other comprehensive income	7.2.2	51,379,181	33,043,766
Benefits paid during the year		(21,127,253)	(27,657,854)
Balance at the end of the year		164,907,649	134,655,721

7.2.2 Amount charged to profit and loss account / other comprehensive income

Current service cost		38,521,567	22,350,548
Interest cost		11,478,519	10,389,680
Charge to profit and loss account		50,000,086	32,740,228
Remeasurement charge to other comprehensive income		1,379,095	303,538
		51,379,181	33,043,766

7.2.3 The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. Actuarial valuation has been carried out by independent actuary as at June 30, 2018 using the "Projected Unit Credit Method" assuming a discount rate of 10% (June 30, 2017: 9.25%) per annum, expected rate of increase in salaries at 10% (June 30, 2017: 9.25%) per annum.

7.2.4 There is no unrecognized actuarial loss / gain.	Actuarial adjustment arising (%)	Present value of defined benefit obligation PKR	Experience adjustment on plan liabilities PKR
7.2.5 Historical information			
30th June 2017	0.23%	134,655,721	303,538
30th June 2016	-5.58%	129,269,809	(7,207,892)
30th June 2015	6.44%	87,063,318	5,610,760
30th June 2014	8.08%	79,050,611	6,383,339

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Notes to the financial statements For the year ended 30th June 2018

7.2.6 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	(18,399,360)	22,325,285
Expected rate of increase in future salary	22,951,011	(19,218,537)

7.2.7 The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2019 works out to PKR 39,448,903.

7.2.8 The weighted average duration of defined benefit obligation is 12.36 years.

	30 th June 2018 Rupees	30 th June 2017 Rupees
7.3 Deferred taxation		
Deferred tax liability / (assets) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation on owned assets	82,112,361	71,635,063
Deductible temporary differences		
Provision for employee benefit	(11,697,322)	(8,539,430)
Provision for doubtful debts and obsolete store	(6,606,239)	(4,378,049)
	(18,303,561)	(12,917,479)
	63,808,800	58,717,584
7.3.1 Deferred taxation has been recognized as follows		
Recognized in profit and loss account	5,189,039	18,773,532
Recognized in equity	(97,823)	(19,249)
	5,091,216	18,754,283

7.3.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 29% of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

7.4 This represents infrastructure cess levied by Sui Northern Gas Pipelines Limited ('SNGPL') and Sui Southern Gas Pipelines Limited ('SSGC'). The Company and others have filed a suit before the Lahore High Court ('LHC') & Sindh High Court ('SHC') challenging the levy. The LHC & SHC has granted the stay in favour of the Company and directed the SNGPL and SSGC to avoid collection of GIDC. The liability represents amount of GIDC payable against which the Company has stay order in favour of it.

8 Trade and Other Payable

Creditors		274,312,773	329,501,102
Accrued liabilities		216,658,453	148,563,436
Advance From Customers		11,818,732	-
Workers' profit participation fund	8.1	35,029,666	23,773,802
Workers' welfare fund		55,682,502	50,737,091
Others		6,163,526	1,894,737
		599,665,652	554,470,168

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Notes to the financial statements
For the year ended 30th June 2018

	Note	30 th June 2018 Rupees	30 th June 2017 Rupees
8.1 Workers' profit participation fund			
Balance at beginning of the year		23,773,802	8,577,137
Interest on funds utilized in the Company's business	8.2	3,523,032	658,809
		<u>27,296,834</u>	<u>9,235,946</u>
Paid during the year		(27,097,204)	(9,235,946)
		199,630	-
Allocation / expense for the year		34,830,036	23,773,802
		<u>35,029,666</u>	<u>23,773,802</u>

8.2 Interest on workers' profit participation fund has been provided @ 129.375% (June 30, 2017: 37.5%) per annum.

9 Unclaimed dividend

Unclaimed dividend	7,226,735	5,431,439
	<u>7,226,735</u>	<u>5,431,439</u>

10 Accrued markup / interest

Accrued markup / interest on secured		
- long-term financing	12,104,388	13,054,940
- short-term borrowings	7,509,145	5,529,058
	<u>19,613,533</u>	<u>18,583,998</u>

11 Short Term Borrowings

From banking companies-secured

Short term money market loan	645,651,760	164,039,661
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11.1 The aggregate approved short term borrowing facilities amounted to PKR 4,860.0 Million (2017: PKR 4,360.0 Million).

11.2 These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spread between 0.05% to 2% (2017: 1 to 3 month KIBOR + spread between 0.05% to 2%) per annum payable quarterly. These facilities are secured against hypothecation charge on stock, stores and receivables.

12 Current Portion of Non Current Liabilities

Long term financing	224,493,423	160,431,324
	<u>224,493,423</u>	<u>160,431,324</u>

13 Contingencies and Commitments

Contingencies

13.1 In normal course of business, the Company has issued indemnity bonds amounting to PKR 46.968 Million (June 30, 2017: PKR 46.968 Million) and post dated cheques amounting to PKR 188.461 Million (2017: PKR 188.461 Million) in favour of collector of customs and sales tax department in lieu of custom and sales tax levies against various statutory notification and the indemnity bond furnished by the Company are likely to be released after fulfillment of the terms of related SRO's.

13.2 Bank guarantee issued to Sui Southern Gas Company Limited on behalf of the company PKR 57.870 Million (June 30, 2017: PKR 57.870 million), Sui Northern Pipeline Company Limited amounting to PKR 78.498 Million (2017: PKR 44.398 million), Hyderabad Electric Supply Company Limited PKR 11.920 million (June 30, 2017: PKR 11.920 million), Excise and Taxation - Government of Sindh PKR 85.305 million (June 30, 2017: PKR 50.705), Excise and Taxation - Government of Punjab PKR 6.18 million (June 30, 2017: PKR 4.3 million) and Pakistan State Oil Company Limited PKR 2.250 million (June 30, 2017: PKR 2.250 million).



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Notes to the financial statements
For the year ended 30th June 2018

	30th June 2018	30th June 2017
	Rupees	Rupees
13.3 Bills discounted	2,100,450,091	-
Commitments		
Letters of credit for: (Raw material, stores & machinery)	581,418,960	11,132,963
	581,418,960	11,132,963

14 PROPERTY, PLANT AND EQUIPMENT

Description	COST				DEPRECIATION				Book value as at June 30, 2018	Annual rate of depreciation %
	As at July 01, 2017	Additions	Transfers / (disposals)	As at June 30, 2018	As at July 01, 2017	Charge For the year	Transfers / (disposal)	As at June 30, 2018		
Freehold land	17,519,028	446,237,501	-	463,756,529	-	-	-	-	463,756,529	-
Leasehold land	7,115,885	-	-	7,115,885	-	-	-	-	7,115,885	-
Factory building on freehold land	234,041,827	-	-	234,041,827	181,137,665	5,290,417	-	186,428,082	47,613,745	10
Factory building on leasehold land	81,785,248	-	-	81,785,248	78,631,662	112,437	-	78,744,099	3,041,149	10
Factory building on Leasehold extension	135,619,314	19,674,282	-	155,293,596	48,121,383	9,157,661	-	57,279,044	98,014,552	10
Non factory building on freehold land	91,734,032	-	-	91,734,032	44,230,085	2,375,197	-	46,605,282	45,128,750	5
Non factory building on leasehold land	27,854,396	-	-	27,854,396	15,077,784	302,017	-	15,379,801	12,474,595	5
Non factory building on Leasehold extension	138,893,937	473,999	-	139,367,936	30,850,709	8,737,152	-	39,587,861	99,780,075	5
Plant and machinery	4,234,191,118	81,580,398	-	4,273,842,874	1,507,092,728	273,045,317	(238,284)	1,750,482,377	2,523,360,499	10
		(41,928,642)					(29,417,386)			
Electric equipment and fitting	211,288,772	-	-	211,288,772	85,161,266	12,478,284	238,284	97,877,834	113,410,938	10
Gas line and pipe fitting	7,943,179	-	-	7,943,179	5,766,253	217,692	-	5,983,945	1,959,234	10
Factory equipment	25,999,754	-	-	25,999,754	16,522,405	1,196,872	-	17,719,277	8,280,477	10
Office equipment	3,594,007	31,500	-	3,625,507	1,765,128	141,816	-	1,906,944	1,718,563	10
Furniture and fixtures	7,331,344	-	-	7,331,344	5,756,857	157,447	-	5,914,304	1,417,040	10
Equipment and other assets	186,130,041	21,723,467	-	207,853,508	176,026,219	7,400,314	-	183,426,533	24,426,975	Three years
Vehicles	85,262,617	6,963,116	(1,013,200)	91,212,533	43,425,085	8,810,855	(906,222)	51,329,718	39,882,815	20
2018	5,496,304,499	576,684,263	(42,941,842)	6,030,046,920	2,239,565,229	329,423,478	(30,323,608)	2,538,665,099	3,491,381,821	

PROPERTY, PLANT AND EQUIPMENT

Description	COST				DEPRECIATION				Book value as at June 30, 2017	Annual rate of depreciation %
	As at July 01, 2016	Additions / (disposals)	Transfers	As at June 30, 2017	As at July 01, 2016	Charge For the year	Transfers / (disposal)	As at June 30, 2017		
Freehold land	17,519,028	-	-	17,519,028	-	-	-	-	17,519,028	-
Leasehold land	7,115,885	-	-	7,115,885	-	-	-	-	7,115,885	-
Factory building on freehold land	234,041,827	-	-	234,041,827	175,259,424	5,878,241	-	181,137,665	52,904,162	10
Factory building on leasehold land	81,785,248	-	-	81,785,248	70,658,662	7,973,000	-	78,631,662	3,153,586	10
factory building on Leasehold extension	135,619,314	-	-	135,619,314	45,976,444	2,144,939	-	48,121,383	87,497,931	10
Non factory building on freehold land	91,734,032	-	-	91,734,032	41,729,877	2,500,208	-	44,230,085	47,503,947	5
Non factory building on leasehold land	27,854,396	-	-	27,854,396	14,759,870	317,914	-	15,077,784	12,776,612	5
Non factory building on Leasehold extension	138,276,370	617,567	-	138,893,937	21,365,745	9,484,964	-	30,850,709	108,043,228	5
Plant and machinery	3,994,922,669	458,135,412	-	4,234,191,118	1,361,250,280	277,680,741	-	1,507,092,728	2,727,098,390	10
		(218,866,963)					(131,838,293)			
Electric equipment and fitting	199,934,587	11,354,185	-	211,288,772	71,999,535	13,161,731	-	85,161,266	126,127,506	10
Gas line and pipe fitting	7,943,179	-	-	7,943,179	5,524,374	241,879	-	5,766,253	2,176,926	10
Factory equipment	25,999,754	-	-	25,999,754	15,192,547	1,329,858	-	16,522,405	9,477,349	10
Office equipment	2,478,707	1,115,300	-	3,594,007	1,716,121	49,007	-	1,765,128	1,828,879	10
Furniture and fixtures	7,331,344	-	-	7,331,344	5,581,913	174,944	-	5,756,857	1,574,487	10
Equipment and other assets	181,260,817	4,869,224	-	186,130,041	165,837,937	10,188,282	-	176,026,219	10,103,822	Three years
Vehicles	75,256,316	12,003,258	(1,996,957)	85,262,617	36,027,835	8,823,507	(1,426,257)	43,425,085	41,837,532	20
2017	5,229,073,473	488,094,946	(220,863,920)	5,496,304,499	2,032,880,564	339,949,215	(133,264,550)	2,239,565,229	3,256,739,270	



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Notes to the financial statements For the year ended 30th June 2018

14.1 Equipment and other assets includes assets amounting to PKR 103,315,668 (2017: PKR 103,315,668) which has been fully depreciated.

	Note	Year ended June 30 2018	Year ended June 30 2017
	Rupees.....	
14.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	28	320,313,360	330,901,757
Administrative expenses	31	9,110,118	9,047,458
		<u>329,423,478</u>	<u>339,949,215</u>

14.3 Free hold lands of the Company are located at Ferozewattoan Sheikhpura, Gajjumata Kasur with an area of 276 Kanal, 6 Marla, SITE Nooriabad 2, 120 Kanal and leasehold lands of the Company are located at SITE Nooriabad with an area of 264 Kanal.

14.4 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Proceeds from disposal of property, plant and equipment	Gain / (loss) on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
Rupees							
Plant and machinery							
Generator	20,964,321	14,708,693	6,255,628	3,000,000	(3,255,628)	Negotiation	Orient Energy System (Pvt) Ltd. Karachi.
Generator	20,964,321	14,708,693	6,255,628	3,000,000	(3,255,628)	Negotiation	Orient Energy System (Pvt) Ltd. Karachi.
	41,928,642	29,417,386	12,511,256	6,000,000	(6,511,256)		
Vehicles							
Toyota Corolla - LEH-2189	1,013,200	906,222	106,978	250,000	143,022	Negotiation	Mr. Shahid Ahmed, Khawaja Mohalla, Muzafarabat
	1,013,200	906,222	106,978	250,000	143,022		
30-Jun-18	<u>42,941,842</u>	<u>30,323,608</u>	<u>12,618,234</u>	<u>6,250,000</u>	<u>(6,368,234)</u>		
Plant and machinery							
Generator	9,066,218	6,805,709	2,260,509	500,000	(1,760,509)	Negotiation	Ali Akhlaq (Private) Limited, Faisalabad
Generator	9,066,218	6,845,022	2,221,196	500,000	(1,721,196)	Negotiation	Ali Akhlaq (Private) Limited, Faisalabad
Toyota Corolla -LEH-2189	13,599,326	10,297,018	3,302,308	750,000	(2,552,308)	Negotiation	Ali Akhlaq (Private) Limited, Faisalabad
Six Schlaforst Auto Coner - 2003	62,968,672	45,040,953	17,927,719	21,000,000	3,072,281	Negotiation	M/s Crescent Cotton Mill, 22-G, Gulberg-II Lahore
Seven Schlaforst Auto Coner - 2003 to 2012	123,560,829	62,272,105	61,288,724	62,900,000	1,611,276	Negotiation	M/s Bhanero Textile Mills Limited, Karachi
Auto Cone Winding -	605,700	577,484	28,216	200,000	171,784	Negotiation	Mr. Atiq, Faisalabad, CNIC # 33100-0625569-1
	218,866,963	131,838,291	87,028,672	85,850,000	(1,178,672)		
Vehicles							
Suzuki Alto - AWZ-134	812,610	533,298	279,312	300,000	20,688	Negotiation	Mr. Shamshad, Chak # L7/1 Okara Ch, Fida Muhammad, Lahore.
Suzuki Liana LED 10-7249	1,184,347	892,959	291,388	350,000	58,612	Negotiation	CNIC-35201-1203693-3
	1,996,957	1,426,257	570,700	650,000	79,300		
30-Jun-17	<u>220,863,920</u>	<u>133,264,548</u>	<u>87,599,372</u>	<u>86,500,000</u>	<u>(1,099,372)</u>		

15 Capital Work in Progress

	June 30, 2018	June 30, 2017
	Rupees	Rupees
Building and other civil works	16,112,289	12,440,194
Plant and machinery	3,697,156	-
Advances for land	-	230,000,000
	<u>19,809,445</u>	<u>242,440,194</u>



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Notes to the financial statements
For the year ended 30th June 2018

	30 th June 2018	30 th June 2017
	Rupees	Rupees
16 Long term Investment		
Investment in associates		
Investment in shares of Blessed Textiles Limited (1,189,160 ordinary shares of Rs. 10 each)	599,526,101	549,595,877
Cost of investment	11,891,600	11,891,600
Accumulated share of post acquisition profit - net of dividends received	537,704,277	498,206,768
Share of profit for the year	68,124,372	45,443,309
Dividend received during the year	(18,194,148)	(5,945,800)
	587,634,501	537,704,277
	599,526,101	549,595,877
16.1 Summarized financial information of Blessed Textiles Limited is set out below:		
Total assets	9,305,318,352	7,081,674,885
Total liabilities	6,053,513,704	4,108,396,327
Net assets	3,251,804,648	2,973,278,558
Company's share of associate's net assets	601,199,629	549,705,213
Sales- net	10,257,434,039	8,064,238,429
Profit for the year	368,475,194	245,796,500
Company's share of associate's profit for the year	68,124,372	45,443,309
16.2 Market value per share	374.00	289.90
Percentage of holding	18.49%	18.49%
16.3 Investment in associated company have been made in accordance with the requirement under the Companies Act, 2017.		
17 Long Term Deposits		
Security deposits	8,597,335	8,597,335
Others deposits	556,800	261,800
	9,154,135	8,859,135
18 Stores, Spare Parts and Loose Tools		
Stores, spare parts and loose tools	50,981,444	78,645,271
Packing material	21,597,934	8,166,728
	72,579,378	86,811,999
Provision for slow moving store items	(1,772,944)	(1,080,488)
	70,806,434	85,731,511
18.1 Provision for slow moving items comprises;		
Balance at the beginning of the year	1,080,488	1,080,488
Recognized during the year	692,456	-
Balance at the end of the year	1,772,944	1,080,488

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Notes to the financial statements
For the year ended 30th June 2018

	30 th June 2018	30 th June 2017
	Rupees	Rupees
19 Stock in Trade		
Raw material	1,708,497,940	1,420,366,421
Raw material in transit	233,889,023	-
Work in process	109,812,941	117,591,854
Finished goods	347,966,379	467,454,897
Waste	3,128,844	4,861,118
	<u>2,403,295,127</u>	<u>2,010,274,290</u>

19.1 The entire stock of waste is valued at net realizable value.

19.2 No item of stock in trade is pledged as security as at the reporting date.

20 Trade Debts

Considered good		
Foreign secured through letters of credit	743,434,353	137,904,728
Local : unsecured	291,732,481	257,967,052
	<u>1,035,166,834</u>	<u>395,871,780</u>
Considered doubtful		
Export	14,204,494	14,204,494
Local	77,156,656	55,957,952
	91,361,150	70,162,446
Provision for doubtful debts	20.1 (91,361,150)	(70,162,446)
	<u>1,035,166,834</u>	<u>395,871,780</u>

20.1 The movement of the provision of doubtful receivable is as follow

Balance at the beginning of the year	70,162,446	70,162,446
Bad debts recovered during the year	-	-
Bad debts provided during the year	21,198,704	-
Balance at the ended of the year	<u>91,361,150</u>	<u>70,162,446</u>

20.2 Total export sales to closing trade debts

Region	Rupees	Rupees
	Contract	Letter of credit
Africa	2,715,804	-
Asia	228,909,576	1,771,094,244
Europe	107,678,401	1,082,310,095
United Kingdom		702,870,247
Total	<u>339,303,781</u>	<u>3,556,274,586</u>

21 Loans And Advances

Considered good

Advances to suppliers - unsecured	68,274,602	61,253,345
Advances to employees	3,090,546	9,968,800
Letters of credit	85,550	118,161
Others	3,366	148,310
	<u>71,454,064</u>	<u>71,488,616</u>



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Notes to the financial statements
For the year ended 30th June 2018

		30 th June 2018 <u>Rupees</u>	30 th June 2017 <u>Rupees</u>
22 Trade Deposits and Prepayments			
Deposit against infrastructure fee payable	22.1	91,481,266	73,909,526
Trade deposit		50,000	50,000
Prepaid expenses		1,542,631	609,278
		<u>93,073,897</u>	<u>74,568,804</u>
22.1 Effective mark up rate on these deposits range from 4.5% to 6% per annum (June 30, 2017: 4.5% to 6% per annum).			
23 Other Receivables			
Quality claim and other receivables		13,271,023	2,594,432
		<u>13,271,023</u>	<u>2,594,432</u>
24 Income Tax Refundable			
Income tax refundable / adjustable		448,178,555	352,327,789
Provision for taxation		(144,142,228)	(44,947,412)
		<u>304,036,327</u>	<u>307,380,377</u>
25 Sales Tax Refundable			
Sales tax refundable		129,563,165	210,749,047
Excise duty and federal excise duty refundable		4,811,044	4,811,044
Provision for doubtful excise duty and federal excise duty refundable		(4,811,044)	(4,811,044)
		-	-
		<u>129,563,165</u>	<u>210,749,047</u>
26 Cash and bank balances			
Cash in hand		-	-
Balances with banks in:			
Current accounts		124,425,637	106,088,372
Foreign currency accounts		727,271	1,054,279
Deposit accounts	26.1	33,467	3,572,322
		<u>125,186,375</u>	<u>110,714,973</u>
26.1 It carries mark up at the rate of 4.5 to 6 (2017: 4.5 to 6) percent per annum.			
27 Sales - Net			
Export			
Yarn		5,303,375,913	4,950,652,132
Fabric		2,938,841,052	3,306,517,089
		8,242,216,965	8,257,169,221
Export rebate		118,869,858	2,913,960
		<u>8,361,086,823</u>	<u>8,260,083,181</u>
Local			
Yarn		318,518,676	121,603,111
Fabric		3,021,089,097	2,046,987,260
Waste and others		142,772,726	135,302,283
		<u>3,482,380,499</u>	<u>2,303,892,654</u>
Gross sales		11,843,467,322	10,563,975,835
Sales tax		(486,291)	(312,903)
		<u>11,842,981,031</u>	<u>10,563,662,932</u>



FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements For the year ended 30th June 2018

27.1 Export sales include PKR 464,060,092 (2017: PKR 551,843,131) in respect of indirect export sales.

27.2 Export sales include exchange gain of PKR 129.574 million (2017: PKR 71.3 million).

		30 th June 2018	30 th June 2017
		Rupees	Rupees
28 Cost of Sales			
Raw material consumed	28.1	8,352,658,981	7,606,600,086
Packing material consumed		105,757,730	104,283,125
Stores and spare parts consumed		176,294,884	154,895,252
Salaries, wages and benefits	28.2	561,779,594	534,241,936
Fuel, power and water		834,594,048	737,201,767
Insurance		20,379,143	22,930,413
Repair and maintenance		7,316,453	4,842,931
Rent, rates and taxes		1,685,058	920,164
Travelling, conveyance and entertainment		889,403	1,226,195
Vehicle running expenses		6,867,118	5,578,604
Communication		590,075	663,337
Fee and subscription		135,725	320,230
Depreciation	14.2	320,313,360	330,901,757
Others		1,439,111	823,556
		<u>10,390,700,683</u>	<u>9,505,429,053</u>
Work in process			
Opening stock		117,591,854	96,305,274
Closing stock		(109,812,941)	(117,591,854)
		7,778,913	(21,286,580)
Cost of goods manufactured		<u>10,398,479,596</u>	<u>9,484,142,473</u>
Finished stocks			
Opening stock		472,316,015	469,812,302
Finished goods purchased - fabric		14,818,415	35,042,664
Yarn purchased		-	-
Closing stock		(351,095,223)	(472,316,015)
		136,039,207	32,538,951
		<u>10,534,518,803</u>	<u>9,516,681,424</u>
28.1 Raw material consumed			
Opening stock		1,420,366,421	1,432,762,223
Purchases		8,953,128,877	7,621,569,531
Cost of raw material sold - yarn		(10,606,954)	(27,365,247)
Cost of raw material - lost / impaired		(67,842,400)	-
Closing stock		(1,942,386,963)	(1,420,366,421)
		<u>8,352,658,981</u>	<u>7,606,600,086</u>

28.2 Salaries, wages and benefits includes employees retirement benefits amounting to PKR 44,477,186 (June 30, 2017: PKR 28,574,748).

FAISAL SPINNING MILLS LIMITED

Notes to the financial statements
For the year ended 30th June 2018

		30 th June 2018	30 th June 2017
		Rupees	Rupees
29 Other Income			
Income from financial assets			
Interest on bank deposits		3,649,545	3,067,638
Exchange gain/ (loss) on foreign currency translation		51,148	(47,991)
		<u>3,700,693</u>	<u>3,019,647</u>
30 Distribution Cost			
Export			
Steamer, air freight & forwarding		81,242,425	73,277,541
Trailer freight		30,026,146	27,899,656
Clearing and forwarding		21,638,596	28,009,276
Export development surcharge		18,306,970	18,896,172
Commission		132,282,435	125,145,792
Sales promotion expenses		11,873,853	13,838,389
Insurance expenses		3,270,651	2,537,239
Claim settlement		860,913	1,282,452
Other export expenses		6,250,764	6,571,982
		305,752,753	297,458,499
Local			
Freight on local sales		8,546,237	6,397,776
Commission		26,068,549	17,661,027
Quality claim		2,636,895	599,927
Others		52,350	205,824
		37,304,031	24,864,554
		<u>343,056,784</u>	<u>322,323,053</u>
31 Administrative Expenses			
Directors' remuneration		15,600,000	17,800,000
Staff salaries and benefits	31.1	59,446,804	46,098,489
Traveling, conveyance and entertainment		5,253,091	5,477,510
Printing and stationery		2,274,292	1,970,524
Communication expenses		1,140,651	1,202,631
Vehicles running and maintenance		5,928,291	4,518,211
Legal and professional		4,302,922	3,281,042
Auditors' remuneration	31.2	1,791,000	1,716,000
Fee and subscription		1,188,819	1,079,815
Repair and maintenance		-	72,196
Rent, rates and taxes		1,070,091	1,076,037
Depreciation	14.2	9,110,118	9,047,458
Charity and donation		1,100,000	1,050,000
Bad debts expenses		21,198,704	336,623
Software license renewal and maintenance fee		803,816	1,038,304
Others		2,090,434	1,610,028
		<u>132,299,033</u>	<u>97,374,868</u>

31.1 Staff salaries and benefits includes employee retirement benefits amounting to PKR 5,522,899 (June 30, 2017: PKR 4,469,018).



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Notes to the financial statements
For the year ended 30th June 2018

		30 th June 2018 Rupees	30 th June 2017 Rupees
31.2 Auditors' remuneration			
Annual statutory audit		1,530,000	1,460,000
Half yearly review		181,000	176,000
Review of Code of Corporate Governance		80,000	80,000
		<u>1,791,000</u>	<u>1,716,000</u>
32 Other Operating Expenses			
Workers' Profit Participation Fund	8.1	34,830,036	23,773,802
Workers' Welfare Fund		4,945,411	1,993,096
Loss on disposal of property, plant and equipment	14.4	6,368,234	1,099,372
		<u>46,143,681</u>	<u>26,866,270</u>
33 Finance Cost			
Mark-up on:			
- long term financing		60,624,080	61,386,396
- short term borrowings		34,508,834	56,230,442
- workers' profit participation fund		3,523,032	658,809
Letter of credit discounting		35,102,981	32,968,450
Bank charges and commission		3,602,255	3,142,554
		<u>137,361,182</u>	<u>154,386,651</u>

34 Provision for Taxation

34.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2017. Tax credit under Section 65 B of Income Tax Ordinance 2001 amounting to PKR 8,158,040 (June 2017: PKR 61,395,543) has been deducted from tax payable.

As per management, the provision for tax made in the financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

	2015	2016 Rupees	2017
Income tax provision as per financial statements	50,180,465	(3,167,649)	44,726,258
Income tax assessed as per tax assessment	46,980,575	-	38,996,527

34.2 Assessments upto tax year 2002-2003 have been finalized under the relevant provisions of the Repealed Income Tax Ordinance, 1979.

34.3 Assessments upto tax year 2017 have been finalized under relevant provisions of Income Tax Ordinance, 2001.

34.4 The Government of Pakistan notified a reduced tax rate of 30% for tax year 2017 as compared to 31% applicable to previous year for Companies.

34.3 Numerical reconciliation between the average tax rate and the applicable tax rate	June30,2018 %	June30,2017 %
Applicable tax rate	30.00	31.00
Tax effect of amounts that are:		
adjustment of the prior years	(0.88)	-
Income chargeable to tax at different rate	(6.68)	(9.54)
Tax credit	(1.25)	(12.42)
Deferred tax	0.79	3.80
	<u>(8.02)</u>	<u>(18.16)</u>
Effective tax rate	<u>21.98</u>	<u>12.84</u>

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Notes to the financial statements
For the year ended 30th June 2018

	30 th June 2018	30 th June 2017
	Rupees	Rupees
35 Earnings per Share - Basic and Diluted		
The calculation of the basic earnings per share is based on the following data:		
Earnings		
Earnings for the purpose of basic earnings per share - After tax profit for the year	577,855,077	430,993,832
Number of shares		
Weighted average number of ordinary shares	10,000,000	10,000,000
Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares.		
Basic earnings per share	57.79	43.10

No figure for diluted earnings per share has been presented as the company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

36 NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

In respect of current period, the board of directors in their meeting held on September 27, 2018 has proposed to pay cash dividend @ 232 i.e. PKR 23.20 per ordinary share of PKR 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

37 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2017	June 30, 2017
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Remuneration	7,800,000	7,800,000	14,573,550	6,800,000	11,000,000	26,146,814
Allowance	-	-	1,190,090	-	-	5,376,340
Post employment benefits	-	-	2,206,500	-	-	4,080,853
	7,800,000	7,800,000	17,970,140	6,800,000	11,000,000	35,604,007
Number of persons	1	1	7	1	2	21

37.1 In addition to the above, the Chief Executive Officer and all directors are provided with free use of Company maintained cars and telephone for business use.

37.2 No remuneration to non executive directors have been paid.

38 Related Party Transactions

The related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out sale and purchase of goods and services transactions with various related parties. Names, basis of relationship, nature and description of related party transactions along with monetary value are as follows:

Name of the Company	Basis of relationship	Percentage of shareholding
Bhanero Textiles Limited	Common directorship	N/A
Blessed Textiles Limited	Common directorship	18.49%
Bhanero Energy Limited	Common directorship	N/A
Firhaj Footwear (Private) Limited	Common directorship	N/A
Admiral (Private) Limited	Directorship of close family relative	N/A



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Nature of relationship	Nature of transactions	2018	2017
		Rupees	Rupees
Associated undertaking			
	Sales of fabric	9,716,305	60,522,101
	Sales of yarn	11,606,981	8,943,697
	Sale of Machinery	-	73,593,000
	Purchase of yarn	1,055,197,704	931,947,745
	Purchase of cotton & polyester	148,806,516	155,618,220
	Purchase of fabrics	943,866	6,195,269
	Purchase of shoes	30,210	-
	Services received	309,000	324,000
	Dividend received	18,194,148	5,945,800
	Electricity purchased	399,893,014	433,419,991
Retirement benefits	Provision for gratuity	51,379,181	33,043,766
Key management	Remuneration	15,600,000	17,800,000
Associated undertaking	Balance with related party	20,000	20,000

39 Segment Analysis

The segment information for the reportable segments for the year ended 30th June 2018 is as follows

39.1 Operating Results

	Spinning		Weaving		Company	
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17
Sales						
Export sales	5,303,375,913	4,950,652,132	2,938,841,227	3,306,517,089	8,242,217,140	8,257,169,221
Local sales	426,200,808	211,943,238	3,056,179,516	2,091,949,416	3,482,380,324	2,303,892,654
Custom rebate	55,951,921	-	62,917,937	2,913,960	118,869,858	2,913,960
Inter-segment sales	49,227,500	51,996,700	-	-	49,227,500	51,996,700
	5,834,756,142	5,214,592,070	6,057,938,680	5,401,380,465	11,892,694,822	10,615,972,535
Discount and sales tax						
Discount	-	-	-	-	-	-
Sales tax	(325,912)	(294,220)	(160,379)	(18,683)	(486,291)	(312,903)
	(325,912)	(294,220)	(160,379)	(18,683)	(486,291)	(312,903)
Net sales	5,834,430,230	5,214,297,850	6,057,778,301	5,401,361,782	11,892,208,531	10,615,659,632
Cost of sales	4,885,254,999	4,737,858,710	5,698,491,304	4,830,819,414	10,583,746,303	9,568,678,124
Gross profit	949,175,231	476,439,140	359,286,997	570,542,368	1,308,462,228	1,046,981,508
Distribution cost	151,791,452	125,961,147	191,265,332	196,361,906	343,056,784	322,323,053
Administrative cost	58,260,948	53,510,667	74,038,085	43,864,201	132,299,033	97,374,868
	210,052,400	179,471,814	265,303,417	240,226,107	475,355,817	419,697,921
Operating result	739,122,831	296,967,326	93,983,580	330,316,261	833,106,411	627,283,587
39.2 Segment assets	4,142,479,406	3,282,732,039	3,089,484,348	2,893,782,305	7,231,963,754	6,176,514,344
Unallocated assets					1,133,760,994	1,150,493,962
					8,365,724,748	7,327,008,306
39.3 Segment liabilities	2,000,544,231	1,621,201,080	1,627,756,476	1,397,700,359	3,628,300,707	3,018,901,439
Unallocated liabilities					162,338,379	137,095,039
					3,790,639,086	3,155,996,478

FAISAL SPINNING MILLS LIMITED of Companies

Notes to the financial statements For the year ended 30th June 2018

39.4 Inter-segment pricing

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods

There were no major customer of company which formed 10 percent or more of the company's revenue.

40 Reconciliation of reportable segment turnover, cost of sales, assets and liabilities

	30 th June 2018	30 th June 2017
	Rupees	Rupees
40.1 Turnover		
Total turnover for reportable segments	11,892,208,531	10,615,659,632
Elimination of inter-segment turnover	(49,227,500)	(51,996,700)
Total turnover	<u>11,842,981,031</u>	<u>10,563,662,932</u>
40.2 Cost of sales		
Total cost of sales for reportable segments	10,583,746,303	9,568,678,124
Elimination of inter-segment revenue	(49,227,500)	(51,996,700)
Total cost of sales	<u>10,534,518,803</u>	<u>9,516,681,424</u>
40.3 Assets		
Total assets for reportable segments	7,231,963,754	6,176,514,344
Taxation recoverable	433,599,492	518,129,424
Bank deposits	91,481,266	73,909,526
Long term investment	599,526,101	549,595,877
Long term deposit	9,154,135	8,859,135
Total assets	<u>8,365,724,748</u>	<u>7,327,008,306</u>
40.4 Liabilities		
Total liabilities for reportable segments	3,628,300,707	3,018,901,439
Unclaimed dividends	7,226,735	5,431,439
Infrastructure fee	91,302,844	72,946,016
Deferred taxation	63,808,800	58,717,584
Total liabilities	<u>3,790,639,086</u>	<u>3,155,996,478</u>

	Spinning		Weaving		Company	
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17
41 Cost of sales						
Raw material consumed	41.1 3,934,060,165	3,798,373,675	4,467,826,316	3,860,223,111	8,401,886,481	7,658,596,786
Packing material consumed	88,919,101	88,133,505	16,838,629	16,149,620	105,757,730	104,283,125
Stores and spare parts	53,814,695	39,869,698	122,480,189	115,025,554	176,294,884	154,895,252
Salaries, wages and benefits	275,968,657	272,182,754	285,810,937	262,059,182	561,779,594	534,241,936
Fuel, power and water						
Inter-segment	-	-	-	-	-	-
Other	332,314,482	308,036,181	502,279,566	428,798,676	834,594,048	736,834,857
	332,314,482	308,036,181	502,279,566	428,798,676	834,594,048	736,834,857



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Notes to the financial statements
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	Spinning		Weaving		Company	
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17
Electricity duty	-	-	-	-	-	-
Insurance	12,885,295	14,623,319	7,493,848	8,307,094	20,379,143	22,930,413
Repair and maintenance	1,270,565	2,934,556	6,045,888	1,908,375	7,316,453	4,842,931
Rent, rates and taxes	1,529,698	1,105,039	155,360	181,735	1,685,058	1,286,774
Travelling, conveyance and entertainment	361,415	553,987	527,988	672,208	889,403	1,226,195
Vehicle running expenses	4,915,900	4,015,540	1,951,218	1,563,064	6,867,118	5,578,604
Communication	143,951	150,009	446,124	513,328	590,075	663,337
Fee and subscription	43,125	238,800	92,600	81,430	135,725	320,230
Depreciation	171,508,796	171,035,226	148,804,564	159,866,531	320,313,360	330,901,757
Others	183,908	120	1,255,203	823,436	1,439,111	823,556
	<u>4,877,919,753</u>	<u>4,701,252,409</u>	<u>5,562,008,430</u>	<u>4,856,173,344</u>	<u>10,439,928,183</u>	<u>9,557,425,753</u>
Work in process						
Opening stock	28,460,558	24,138,656	89,131,296	72,166,618	117,591,854	96,305,274
Closing stock	(26,311,596)	(28,460,558)	(83,501,345)	(89,131,296)	(109,812,941)	(117,591,854)
	<u>2,148,962</u>	<u>(4,321,902)</u>	<u>5,629,951</u>	<u>(16,964,678)</u>	<u>7,778,913</u>	<u>(21,286,580)</u>
Cost of goods manufactured	<u>4,880,068,715</u>	<u>4,696,930,507</u>	<u>5,567,638,381</u>	<u>4,839,208,666</u>	<u>10,447,707,096</u>	<u>9,536,139,173</u>
Cost of cotton sold 41.2	-	-	-	-	-	-
Finished stocks						
Opening stock	187,151,026	226,744,729	285,164,989	243,067,573	472,316,015	469,812,302
Finished goods purchased	-	1,334,500	14,818,415	33,708,164	14,818,415	35,042,664
Yarn purchased	-	-	-	-	-	-
Closing stock	(181,964,742)	(187,151,026)	(169,130,481)	(285,164,989)	(351,095,223)	(472,316,015)
	<u>5,186,284</u>	<u>40,928,203</u>	<u>130,852,923</u>	<u>(8,389,252)</u>	<u>136,039,207</u>	<u>32,538,951</u>
	<u>4,885,254,999</u>	<u>4,737,858,710</u>	<u>5,698,491,304</u>	<u>4,830,819,414</u>	<u>10,583,746,303</u>	<u>9,568,678,124</u>

41.1 Raw material consumed

Opening stock	1,051,391,117	1,214,839,188	368,975,304	217,923,035	1,420,366,421	1,432,762,223
Purchases						
Inter-segment	-	-	49,227,500	51,996,700	49,227,500	51,996,700
Other	4,607,048,272	3,634,925,604	4,346,080,605	3,986,643,927	8,953,128,877	7,621,569,531
	<u>4,607,048,272</u>	<u>3,634,925,604</u>	<u>4,395,308,105</u>	<u>4,038,640,627</u>	<u>9,002,356,377</u>	<u>7,673,566,231</u>
Raw material sold - cotton	-	-	-	-	-	-
Raw material sold - yarn	-	-	(10,606,954)	(27,365,247)	(10,606,954)	(27,365,247)
Raw material - Impaired / lost	(67,842,400)	-	-	-	(67,842,400)	-
Closing stock	(1,656,536,824)	(1,051,391,117)	(285,850,139)	(368,975,304)	(1,942,386,963)	(1,420,366,421)
	<u>3,934,060,165</u>	<u>3,798,373,675</u>	<u>4,467,826,316</u>	<u>3,860,223,111</u>	<u>8,401,886,481</u>	<u>7,658,596,786</u>

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Notes to the financial statements
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	Spinning		Weaving		Company	
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17
42 Distribution cost						
Export						
Steamer and air freight	33,411,302	32,166,952	47,831,123	41,110,589	81,242,425	73,277,541
Trailer freight	17,595,179	13,628,942	12,430,967	14,270,714	30,026,146	27,899,656
Clearing and forwarding	12,034,216	12,787,958	9,604,380	15,221,318	21,638,596	28,009,276
Export development surcharge	11,060,001	10,642,493	7,246,969	8,253,679	18,306,970	18,896,172
Commission	62,859,132	43,824,498	69,423,303	81,321,294	132,282,435	125,145,792
Sales promotion expenses	634,948	1,219,026	11,238,905	12,619,363	11,873,853	13,838,389
Adhesive stamps	-	-	3,270,651	2,537,239	3,270,651	2,537,239
Claim settlement	-	-	860,913	1,282,452	860,913	1,282,452
Other export expenses	625,120	487,072	5,625,644	6,084,910	6,250,764	6,571,982
	138,219,898	114,756,941	167,532,855	182,701,558	305,752,753	297,458,499
Local						
Freight on local sales	7,701,906	5,137,431	844,331	1,260,345	8,546,237	6,397,776
Commission	5,849,681	6,066,775	20,218,868	11,594,252	26,068,549	17,661,027
Quality claim	-	-	2,636,895	599,927	2,636,895	599,927
Others	19,967	-	32,383	205,824	52,350	205,824
	13,571,554	11,204,206	23,732,477	13,660,348	37,304,031	24,864,554
	151,791,452	125,961,147	191,265,332	196,361,906	343,056,784	322,323,053
43 Administrative cost						
Directors' remuneration	15,600,000	17,800,000	-	-	15,600,000	17,800,000
Staff salaries and benefits	30,776,613	25,784,485	28,670,191	20,314,004	59,446,804	46,098,489
Traveling, conveyance and entertainment	523,130	439,495	4,729,961	5,038,015	5,253,091	5,477,510
Printing and stationery	550,510	442,890	1,723,782	1,527,634	2,274,292	1,970,524
Communication expenses	253,347	555,025	887,304	647,606	1,140,651	1,202,631
Vehicles running and maintenance	784,976	543,485	5,143,315	3,974,726	5,928,291	4,518,211
Legal and professional	4,046,772	2,901,042	256,150	380,000	4,302,922	3,281,042
Auditors' remuneration	895,000	858,000	896,000	858,000	1,791,000	1,716,000
Fee and subscription	36,000	17,000	1,152,819	1,062,815	1,188,819	1,079,815
Repair and maintenance	-	-	-	72,196	-	72,196
Rent, rates and taxes	1,070,091	1,076,037	-	-	1,070,091	1,076,037
Office expenses	-	-	-	-	-	-
Depreciation	2,972,063	2,641,724	6,138,055	6,405,734	9,110,118	9,047,458
Charity and donation	250,000	-	850,000	1,050,000	1,100,000	1,050,000
Bad debts expenses	-	336,623	21,198,704	-	21,198,704	336,623
Software license renewal and maintenance fee	321,416	-	482,400	1,038,304	803,816	1,038,304
Others	181,030	114,861	1,909,404	1,495,167	2,090,434	1,610,028
	58,260,948	53,510,667	74,038,085	43,864,201	132,299,033	97,374,868



FAISAL SPINNING MILLS LIMITED *of Companies*

Notes to the financial statements
For the year ended 30th June 2018

44 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arms length transaction. As at June 30, 2018 the net fair value of all financial instruments has been based on the valuation methodology outlined below:-

Long-term deposits

Long term deposits does not carry any rate of return. The fair value of it has been taken at book value as it is not considered materially different and readily exchangeable.

Non-current liabilities

For all non-current liabilities except for loan from sponsors, the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and reprising profiles of similar non-current liabilities.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

The analysis of yield / mark-up rate risk is as under:

	2018							Effective Interest Rate %
	Interest / Markup bearing			Non Interest / Markup bearing			Total Rupees	
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees		
Financial assets								
Trade debts	-	-	-	1,035,166,834	-	1,035,166,834	1,035,166,834	
Loans and advances	-	-	-	3,093,912	-	3,093,912	3,093,912	
Trade deposits	91,481,266	-	91,481,266	50,000	-	50,000	91,531,266	4.5 to 6
Other receivables	-	-	-	13,271,023	-	13,271,023	13,271,023	
Bank balance	33,467	-	33,467	125,152,908	-	125,152,908	125,186,375	
Long-term deposits	-	-	-	-	9,154,135	9,154,135	9,154,135	
Long term investments	-	-	-	-	599,526,101	599,526,101	599,526,101	
	<u>91,514,733</u>	<u>-</u>	<u>91,514,733</u>	<u>1,176,734,677</u>	<u>608,680,236</u>	<u>1,785,414,913</u>	<u>1,876,929,646</u>	
Financial liabilities								
Long-term financing	224,493,423	1,475,536,209	1,700,029,632	-	-	-	1,700,029,632	2.5 to 9.4 and KIBOR + 0.5 to 0.75
Trade and other payables	35,029,666	-	35,029,666	508,953,484	-	508,953,484	543,983,150	
Mark-up accrued on loans	-	-	-	19,613,533	-	19,613,533	19,613,533	
Short-term borrowings	645,651,760	-	645,651,760	-	-	-	645,651,760	KIBOR + 0.5 to 2
	<u>905,174,849</u>	<u>1,475,536,209</u>	<u>2,380,711,909</u>	<u>528,567,017</u>	<u>-</u>	<u>528,567,017</u>	<u>2,909,278,075</u>	
On balance sheet gap	<u>(813,660,116)</u>	<u>(1,475,536,209)</u>	<u>(2,289,196,325)</u>	<u>648,167,660</u>	<u>608,680,236</u>	<u>1,256,847,896</u>	<u>1,032,348,429</u>	
Contingencies								
Post dated cheques							188,461,262	
Indemnity bonds							46,968,016	
Guarantees (Note 8.1 and Note 13.2)							242,020,237	
Letters of credit							581,418,960	



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For the year ended 30th June 2018

2017

	Interest / Markup bearing			Non Interest / Markup bearing			Total	Effective Interest Rate %
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees		
Financial assets								
Trade debts	-	-	-	395,871,780	-	395,871,780	395,871,780	
Loans and advances	-	-	-	10,117,110	-	10,117,110	10,117,110	
Trade deposits	73,909,526	-	73,909,526	50,000	-	50,000	73,959,526	4.5 to 6
Other receivables	-	-	-	2,594,432	-	2,594,432	2,594,432	
Bank balances	3,572,322	-	3,572,322	107,142,651	-	107,142,651	110,714,973	
Long-term deposits	-	-	-	-	8,859,135	8,859,135	8,859,135	
Long term investments	-	-	-	-	549,595,877	549,595,877	549,595,877	
	<u>77,481,848</u>	<u>-</u>	<u>77,481,848</u>	<u>515,725,973</u>	<u>558,455,012</u>	<u>1,074,230,985</u>	<u>1,151,712,833</u>	
Financial liabilities								
Long-term financing	160,431,324	1,626,135,483	1,786,566,807	-	-	-	1,786,566,807	2.5 to 9.4 and KIBOR + 0.5 to 0.75
Trade and other payables	23,773,802	-	23,773,802	479,959,275	-	479,959,275	503,733,077	
Mark-up accrued on loans	-	-	-	18,583,998	-	18,583,998	18,583,998	
Short-term borrowings	164,039,661	-	164,039,661	-	-	-	164,039,661	KIBOR + 0.1 to 2
	<u>348,244,787</u>	<u>1,626,135,483</u>	<u>1,974,380,270</u>	<u>498,543,273</u>	<u>-</u>	<u>498,543,273</u>	<u>2,472,923,543</u>	
On balance sheet gap	<u>(270,762,939)</u>	<u>(1,626,135,483)</u>	<u>(1,896,898,422)</u>	<u>17,232,700</u>	<u>558,455,012</u>	<u>575,687,712</u>	<u>(1,321,210,710)</u>	
Contingencies								
Post dated cheques							188,461,262	
Indemnity bonds							46,968,016	
Guarantees (Note 8.1 and Note 13.2)							190,348,497	
Letters of credit							11,132,963	

44.1 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Changes in interest rates can affect the rates charged on interest bearing liabilities. This can result in an increase in interest expense relative to financial borrowings or vice versa. The Company manages its risk by interest rate swapping, maintaining a fair balance between interest rates and financial assets and financial liabilities. The effective interest rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

44.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of PKR 1,808,805,274 (June 30, 2017: PKR 1,135,747,052), unsecured local trade debts, advances to suppliers, and other advances amounting in aggregate to PKR 1,051,531,769 (June 30, 2017: PKR 511,700,330) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales."

44.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

44.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2018, the total foreign currency risk exposure was PKR 743,434,353 (June 30, 2017: PKR 120,287,859) in respect of foreign trade debts.

44.5 Fair value of financial instruments

"Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms' length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values."

FAISAL SPINNING MILLS LIMITED

Notes to the financial statements
For the year ended 30th June 2018

44.6 Credit risk

44.6.1 Maximum credit exposure

The carrying amount of financial assets, excluding cash in hand, represents maximum credit exposure. The maximum exposure to credit risk as at the reporting date is:

	30 th June 2018 Rupees	30 th June 2017 Rupees
Loans and receivables:		
Long term deposits	9,154,135	8,859,135
Trade receivables	1,035,166,834	395,871,780
Deposit with financial institutions	93,073,897	74,568,804
Other receivables	13,271,023	2,594,432
Cash at banks	125,186,375	110,714,973
	<u>1,275,852,264</u>	<u>592,609,124</u>

44.6.2 Concentration of credit risk

Maximum exposure to credit risk by geographical region as at the reporting date is:

Domestic	291,732,481	257,967,052
Europe	293,641,579	-
Asia and Middle East	449,792,774	137,904,728
	<u>1,035,166,834</u>	<u>395,871,780</u>

44.6.3 Impairment losses

The ageing of trade debts as at the reporting date is as follows:

Not past due	915,799,972	148,316,770
Past dues less than one year	140,565,566	247,555,010
Past dues more than one year but less than three years	-	-
Past dues more than three years	70,162,446	70,162,446
	<u>1,126,527,984</u>	<u>466,034,226</u>
Impairment	(91,361,150)	(70,162,446)
	<u>1,035,166,834</u>	<u>395,871,780</u>

The movement in allowance for impairment in respect of trade debts during the year is as follows:

As at beginning of the year	70,162,446	70,162,446
Impairment loss recognized	21,198,704	-
As at end of the year	<u>91,361,150</u>	<u>70,162,446</u>

Credit quality of counter parties is assessed based on historical default rates. All trade debts not past due are considered good. The management believes that allowance for impairment of trade debts past dues is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

44.6.4 Collateral held

The Company does not hold collateral to secure its loans and receivables. However, foreign trade receivables of the Company are secured through letters of credits and exposure to credit risk in respect of these is minimal.

FAISAL SPINNING MILLS LIMITED

Notes to the financial statements
For the year ended 30th June 2018

44.7 Liquidity risk

Following are the contractual maturities of financial liabilities, including estimated interest payments

	As at June 30, 2018				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	1,700,029,632	1,910,453,058	285,459,783	1,039,083,143	585,910,132
Short term borrowings	645,651,760	697,433,031	697,433,031	-	-
Accrued markup / interest	19,613,533	19,613,533	19,613,533	-	-
Trade creditors	274,312,773	274,312,773	274,312,773	-	-
Accrued liabilities	216,658,453	216,658,453	216,658,453	-	-
Unclaimed dividend	7,226,735	7,226,735	7,226,735	-	-
Other payables	53,011,924	53,011,924	53,011,924	-	-
	<u>2,916,504,810</u>	<u>3,178,709,507</u>	<u>1,553,716,232</u>	<u>1,039,083,143</u>	<u>585,910,132</u>

	As at June 30, 2017				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	1,786,566,807	2,065,649,700	230,480,454	1,445,661,159	619,988,541
Short term borrowings	164,039,661	174,439,776	174,439,776	-	-
Accrued markup / interest	18,583,998	18,583,998	18,583,998	-	-
Trade creditors	329,501,102	329,501,102	329,501,102	-	-
Accrued liabilities	148,563,436	148,563,436	148,563,436	-	-
Unclaimed dividend	5,431,439	5,431,439	5,431,439	-	-
Other payables	25,668,539	25,668,539	25,668,539	-	-
	<u>2,478,354,982</u>	<u>2,767,837,990</u>	<u>932,668,744</u>	<u>1,445,661,159</u>	<u>619,988,541</u>

44.8 Market risk

44.8.1 Currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	30 th June 2018 Rupees	30 th June 2017 Rupees
Trade receivables	743,434,353	137,904,728
Cash and cash equivalents	727,271	1,054,279
Total exposure	<u>744,161,624</u>	<u>138,959,007</u>

All foreign currency balances are denominated in USD. Average exchange rate used during the year and spot exchange rate applied at the reporting date was PKR 121.40 / USD (2017: PKR 104.80 / USD).

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 74,416,162 (2017: PKR 12,028,786). A ten percent depreciation would have had the equal but opposite effect on profit or loss. This sensitivity analysis based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.



FAISAL SPINNING MILLS LIMITED

Notes to the financial statements
For the year ended 30th June 2018

30 th June 2018	30 th June 2017
Rupees	Rupees

44.8.2 Interest rate risk

The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows:

Fixed rate instruments

Financial assets

-

-

Financial liabilities

1,470,998,033

1,482,908,884

Variable rate instruments

Financial assets

91,514,733

77,481,848

Financial liabilities

874,683,359

467,697,584

The Company is not exposed to interest rate risk in respect of its fixed rate instruments. A 100 basis points increase in variable interest rates would have decreased profit or loss by PKR 7,831,686 (2017: PKR 11,295,698). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

44.9 Fair values

Fair value is the amount for which an asset could be exchanged or a liability be settled between knowledgeable willing parties, in an arm's length transaction. As at the reporting date, the fair values of all financial instruments are considered to approximate their book values.

45 Accounting Estimates and Judgments

45.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

45.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

45.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

45.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

45.5 Interest rate and cross currency swap

"The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

46 Reconciliation of movements of liabilities to cash flows arising from Financing activities.

FAISAL SPINNING MILLS LIMITED

Notes to the financial statements
For the year ended 30th June 2018

46 Reconciliation of movements of liabilities to cash flows arising from Financing activities.

	2018			Total
	Liabilities			
	Longterm financing	Shortterm borrowings	Unclaimed dividend	
	Rupees			
Balance as at July 01, 2017	1,786,566,807	164,039,661	5,431,439	1,956,037,907
Receipts from long term finances	73,893,960	-	-	73,893,960
Repayment of long term finances	(160,431,135)	-	-	(160,431,135)
Short term borrowing repaid net of receipts	-	481,612,099	-	481,612,099
Exchange loss on repayment of loans	-	-	-	-
Dividend paid	-	-	(170,704,674)	(170,704,674)
Total changes from financing cash flows	(86,537,175)	481,612,099	(170,704,674)	224,370,250
Non cash changes	-	-	172,499,970	172,499,970
Balance as at June 30, 2018	1,700,029,632	645,651,760	7,226,735	2,352,908,127

47 PLANT CAPACITY AND ACTUAL PRODUCTION

47.1 Spinning unit

	2018	2017
Number of spindles installed	38,208	38,208
Number of spindles worked (Average)	38,208	38,208
Number of working days	364	364
Number of shifts per day	3	3
Installed capacity in kilograms, after conversion into 20/s count (based on actual number of working days)	19,921,801	19,921,801
Actual production of yarn in kilograms.	20,089,558	19,910,812

47.2 Weaving unit

	2018	2017
Number of looms installed	265	265
Number of looms worked	265	265
Number of working days	364	364
Number of shifts per day	3	3
Installed capacity in meters, after conversion into 50 picks (based on number of actual working days)	41,780,006	41,780,006
Actual production of fabric in meters	41,552,501	38,862,180

47.3 It is difficult to precisely describe production capacity and the resultant production in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed, twist etc. in case of spinning. In case of weaving fluctuation depends on factors such as loom width, width of fabric produced, type of yarn used etc. It would vary accordingly to the pattern of production adopted in a particular year.

47.4 The difference between installed capacity and actual production is in normal course of business.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on September 27, 2018.



FAISAL SPINNING MILLS LIMITED

Notes to the financial statements
For the year ended 30th June 2018

49 NUMBER OF EMPLOYEES	2018	2017
As at the reporting date		
Head office	60	62
Mills	1,204	966
	<u>1,264</u>	<u>1,028</u>
Average for the year		
Head office	61	62
Mills	1,181	972
	<u>1,242</u>	<u>1,034</u>

50 CORRESPONDING FIGURES

50.1 Figures have been rounded off to the nearest rupee. Corresponding figures have been re-arranged where necessary to comply with requirements of Companies Act 2017 and to facilitate comparison. However, no significant reclassification has been made, except for the following:

GIC / Rate difference payable to SNGP/SSGC amounting to Rs. 498,432,481 (June 30, 2017: Rs. 360,585,084) has been classified from current liabilities to non current liabilities owing to stay granted by court.

Unclaimed dividend' amounting to Rs. 7,226,735 (June 30, 2017: Rs. 5,431,439) Previously presented under 'Trade and other payable' now separately presented on the face of the statement of financial position as per requirement of fourth schedule.

Loss on disposal of Property, plant & equipment' amounting to Rs. 1,099,372 (June 30, 2017: Rs. Nil) previously presented under 'Other Income has been classified to 'Other Operating Expenses'.

51 GENERAL

The figures have been rounded off to the nearest Rupee.

Bilal Sharif
Chief Executive

Karachi:

Date: 27th September 2018

Mohammad Salim
Director

Anwar Hussain
Chief Financial Officer



FAISAL SPINNING MILLS LIMITED of Companies

Year wise Operating Data 2018

Year Ended 30th June

	2018	2017	2016	2015	2014	2013
Spinning Unit						
Spindle installed	38,208	38,208	38,208	38,208	37,920	30,720
Spindles worked - Average	38,208	38,208	38,208	38,208	32,186	30,720
Installed capacity after conversion into 20/s count - Kg	19,921,801	19,921,801	19,921,801	19,921,801	11,957,025	11,434,172
Actual production - Kg	20,089,558	19,910,812	19,511,917	19,185,613	15,695,603	13,231,667

Weaving Unit

Air jet looms installed	265	265	265	263	263	277
Air jet looms worked	265	265	265	263	263	263
Installed capacity after conversion into 50 picks - Meter	41,780,006	41,780,006	41,550,746	41,237,155	41,237,155	41,237,155
Actual production - Meter	41,522,501	38,862,180	35,797,770	32,012,776	32,931,606	31,489,829

Profit and loss account

Year wise Financial Data

Turnover (Net)	11,842,981	10,563,662	9,281,954	9,281,027	9,780,480	8,488,787
Gross profit	1,308,462	1,046,982	675,979	807,076	1,279,136	1,286,668
Operating profit	790,680	603,438	301,813	449,623	821,889	957,776
Financial expenses	137,361	154,387	143,489	211,756	231,377	154,786
Share profit of associate	68,124	45,443	19,646	15,160	42,516	72,957
Profit before tax	721,443	494,494	177,970	253,027	633,028	875,947
Profit after tax	577,871	430,994	169,214	174,549	597,259	798,232
Cash dividend	-	172,500	50,000	50,000	50,000	50,000

Balance Sheet

Share capital	100,000	100,000	100,000	100,000	100,000	100,000
Reserves	3,890,000	3,890,000	3,650,000	3,400,000	3,400,000	2,800,000
Shareholder equity	4,575,102	4,171,012	3,790,302	3,664,386	3,552,943	3,011,294
Long term liabilities	1,475,536	1,626,136	1,354,512	704,433	1,041,909	536,700
Short term loan	645,652	164,040	752,996	-	349,953	929,000
Current liabilities	1,496,635	902,957	1,640,897	886,126	1,127,597	1,443,741
Current portion of long term loans	224,493	160,431	123,681	320,820	276,014	85,421
Fixed assets	3,491,382	3,256,739	3,196,193	2,466,091	2,019,622	1,404,362
Current assets	4,245,853	3,269,374	3,290,312	2,465,022	2,801,337	2,856,422

Ratios

Performance

Sales growth percentage - Year to Year basis	12.11%	13.81%	0.01%	-5.11%	15.22%	11.22%
Gross profit (%)	11.05%	9.91%	7.28%	8.70%	13.08%	15.16%
Profit before tax (%)	6.09%	4.68%	1.92%	2.73%	6.47%	10.32%
Profit after tax (%)	4.88%	4.08%	1.82%	1.88%	6.11%	9.40%
Breakup value per share - Rupees per share	457.51	417	379	366	355	301
Market value of share - at the year end - Rupees per share	300	289	141	146	163	100
Earnings per share - Rupees per share	57.79	43.10	16.92	17.45	59.73	79.82
Price earning ratio	5.19	6.71	8.33	8.36	2.73	1.25

Leverage

Gearing ratio	0.51	0.47	0.59	0.28	0.47	0.52
Debt to equity (%)	32.25%	38.99%	35.74%	19.22%	29.33%	17.82%
Interest covering ratio	6.25	4.20	2.24	2.19	3.74	6.66

Liquidity ratio

Current ratio	2.84	3.62	2.01	2.78	2.48	1.98
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**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2018**

NUMBER OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
372	1	100	10,645
346	101	500	158,561
32	501	1000	29,683
47	1001	5000	118,510
10	5001	10000	64,800
2	10001	15000	24,200
1	15001	20000	15,600
1	20001	25000	20,701
1	25001	30000	28,846
1	30001	35000	32,692
2	40001	45000	82,500
2	45001	50000	98,077
1	50001	55000	53,400
3	95001	100000	294,923
1	105001	110000	109,500
1	125001	130000	129,231
1	130001	135000	131,600
1	135001	140000	136,919
1	195001	200000	199,055
1	200001	205000	200,380
1	210001	215000	211,500
1	220001	225000	222,700
1	230001	235000	235,000
1	235001	240000	237,577
1	270001	275000	274,000
1	310001	315000	312,688
2	330001	335000	665,415
3	335001	340000	1,011,980
1	360001	365000	363,841
1	395001	400000	395,216
1	450001	455000	451,000
1	460001	465000	460,923
1	530001	535000	533,960
1	660001	665000	661,500
1	735001	740000	739,977
1	1280001	1285000	1,282,900
<u>846</u>			<u>10,000,000</u>

* There is no shareholding in the slab not mentioned

FAISAL SPINNING MILLS LIMITED

AS AT JUNE 30, 2018

Sr #	List of Shareholder Category	Percentage	No. of Shares
1	ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES		
	ADMIRAL (PVT) LTD	12.83	1,282,900
	MR. MOHAMMAD SHAKEEL	0.48	48,077
	MR. FARRUKH SALEEM	1.37	136,919
	MR. YOUSUF SALEEM	3.13	312,688
	MR. SAQIB SALEEM	1.99	199,055
	MR. MUHAMMAD QASIM	3.95	395,216
	MR. FAISAL SHAKEEL	7.40	739,977
	MR. ABDULLAH BILAL	3.37	337,257
	MR. UMER KHURRAM	0.97	97,000
	MRS. NAZLI BEGUM	1.29	129,231
	MRS. SABA YOUSUF	0.98	97,923
	MRS. SABA SAQIB	2.12	211,500
	MRS. SADAF FARRUKH	2.74	274,000
	MRS. SUMBUL HUSSAIN	2.35	235,000
2	NIT		
	INVESTMENT CORPORATION OF PAKISTAN	0.01	500
3	CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN		
	MR. MUHAMMAD SHARIF	0.01	500
	MR. MUHAMMAD SALEEM	0.29	28,846
	MR. MUHAMMAD SHAHEEN	0.33	32,692
	MR. KHURRAM SALEEM	2.00	200,380
	MR. BILAL SHARIF	3.64	363,841
	MR. MUHAMMAD AMIN	4.61	460,923
	MR. ADIL SHAKEEL	6.62	661,500
	MR. HAMZA SHAKEEL	3.31	330,500
	MR. IQBAL MEHBOOB VOHRA	0.01	500
	MRS. YASMIN BEGUM	2.39	238,577
	MRS. SEEMA BEGUM	3.35	334,915
	MRS. AMNA KHURRAM	1.10	109,500
	MRS. SAMIA BILAL	5.34	533,960
	MRS. FATIMA AMIN	4.51	451,000
	MASTER ALI BILAL	3.37	337,361
	MASTER AZAAN BILAL	3.37	337,362
4	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODABARAS AND MUTUAL FUNDS		
	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTAR)	0.04	3,600
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2.23	222,700
	FIRST TRI-STAR MODARABA	0.00	100

FAISAL SPINNING MILLS LIMITED

AS AT JUNE 30, 2018

Sr #	List of Shareholder Category	Percentage	No. of Shares
5	JOINT STOCK COMPANIES		
	TAURUS SECURITIES LIMITED	0.01	500
	MRA SECURITIES LIMITED-MF	0.00	100
6	OTHER COMPANIES	0.22	21,701
7	INDIVIDUAL SHAREHOLDERS	8.32	831,699
	TOTAL	100.00	10,000,000
8	DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN	-	NIL
9	SHAREHOLDERS HOLDING 05% OR MORE		
	ADMIRAL (PVT) LTD	12.83	1,282,900
	MR. FAISAL SHAKEEL	7.40	739,977
	MR. ADIL SHAKEEL	6.62	661,500
	MRS. SAMIA BILAL	5.34	533,960

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2018**

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer their Spouses and minor childrens	17	4,422,357	44.22
2	Associated Companies, Undertaking and Related Parties	14	4,496,743	44.97
3	NIT / ICP	1	500	0.01
4	Bank / Financial Institution	1	3,600	0.03
5	Insurance Company	1	222,700	2.22
6	Modaraba & Mutual Funds	1	100	0.00
7	General Public / Individuals	806	831,699	8.32
8	Other Companies	3	21,701	0.22
9	Joint Stock Companies	2	600	0.01
		846	10,000,000	100.00

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قانونی کارکردگیوں

تاہم اکتوبر 25 سیڈنی کو کی میقات بندی کی سالانہ جنرل میٹنگ کے اختتام پر موجود کارکردگیوں ہٹھک یف ریڈولک مشتاق & کمپنی، چارٹرڈ اکائونٹنٹس ریٹائر ہو گئے، اہل ہونے کی وجہ وہ خود کو دوبارہ ملاقات کے لئے پیش کر رہے ہیں۔ کمپنی نے آڈٹ ملاقات اؤٹ /s مشتاق کمپنی، اینڈ چارٹرڈ اکائونٹنٹس، بیرونی آڈیٹر سال 30 جون 2019 کے خاتمے کے لئے کے طور پر تجویز دی ہے۔ خارجی کارکردگیوں ہٹھک یف ریڈولک مشتاق اینڈ کمپنی، چارٹرڈ اکائونٹنٹس تسلی بخش درجہ بندی نے انسٹی ٹیوٹ کی چارٹرڈ اکائونٹنٹس آف پاکستان کے معیار کا جائزہ پروگرام کے تحت دی گئی ہے اور فرم اور اس کے سب ساتھی کے بموجب کارروائی بین الاقوامی فیڈریشن کے اکائونٹنٹس کی ہدایات پر ہیں کوڈ کے انسٹی ٹیوٹ آف چارٹرڈ اکائونٹنٹس کے پاکستان کی طرف سے اپنایا اس اخلاقیات۔ بورڈ آف ڈائریکٹرز بھی جس میں 30 جون 2019 ختم ہوئی سال کے لئے بیرونی آڈیٹر ہٹھک یف ریڈولک مشتاق اینڈ کمپنی، چارٹرڈ اکائونٹنٹس، کی تقرری کی سفارش کی جاتی ہے۔

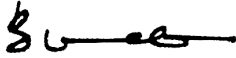
مواد میں تبدیلیاں اور وعدے

کوئی مواد میں تبدیلیاں اور کمپنی کی مالی پوزیشن کو متاثر کرنے والے وعدے مالی کے اختتام کے درمیان واقع ہوا ہے سال کے لیے کمپنی کی بیلس شیٹ کے متعلق ہے جس کے اور ڈائریکٹرز کی رپورٹ کی رپورٹ کی تاریخ ہے۔

بھریائی

میں بورڈ آف ڈائریکٹرز، قابل قدر رٹائر ہولڈرز، گاہکوں، بینکاروں، سپلائرز اور دیگر اسٹیک ہولڈرز کے لئے اپنی حمایت، اعتبار اور اعتماد انتہائی مقروض ہوں۔ میں بھی ان کی وفاداری لگن اور سخت محنت جو کمپنی اپنے مقاصد کے حصول کے لئے اہل کے لئے تمام ملازمین کی تعریف۔

بحکم بورڈ



بلال شریف

چیف ایگزیکٹو



محمد سلیم

ڈائریکٹر

کراچی 27 ستمبر 2018ء



FAISAL SPINNING MILLS LIMITED of Companies

ہر سہ ماہی کے مالی نتائج کی منظوری کے لیے ملاقات کے علاوہ، کمیٹی بھی سال میں ایک بار کٹا اور ایک بار بغیر بیرونی کارکردگیوں کے ساتھ داخلی آڈیٹ کارپوریٹ کی ضرورت کے تحت ضابطہ طور پر کٹا اور بیرونی آڈیٹ کی موجودگی کے بغیر کے ساتھ ملاقات اسلوب حکمرانی ضابطہ ہے۔

آڈٹ کمیٹی مالی رپورٹنگ عمل، آڈٹ عمل، نظام کی اندرونی کنٹرول اور قوانین اور ضوابط کی تعمیل کی نگرانی فراہم کرنے کے لئے تشکیل دیا ہے۔ کمیٹی نے آڈٹ مینجمنٹ اور کارپوریٹ گورننس کے کوڈ کی ضرورت کے طور پر کمیٹی کو مطلع کیا کرنے کے لئے ضروری معاملات سمیت بیرونی کارکردگیوں کے ساتھ کے نتائج کا جائزہ۔ کمیٹی نے آڈٹ کو فہمیت اور ہر سطح پر اندرونی کنٹرول پر عمل درآمد کا جائزہ کے لئے مضبوط اندرونی آڈٹ نظام قائم کیا ہے۔ آڈٹ کمیٹی کے اجلاس میں باقاعدہ وقفوں کے ساتھ کارپوریٹ گورننس کے ضابطہ اخلاق کے تقاضوں کی تعمیل میں منعقد ہوئیں۔ عبوری اور سالانہ مالی گوشوارے آڈٹ کمیٹی کی منظوری کے بورڈ آف ڈائریکٹرز سے پہلے جائزہ لیا گیا۔

انسانی وسائل اور صلہ کمیٹی

انسانی وسائل اور صلہ کمیٹی (ہررک کے تین ارکان کو جن کی اکثریت غیر ایگزیکٹو ڈائریکٹرز ہیں جبکہ چیئر مین ایک آزاد ڈائریکٹر پر مشتمل ہے۔ آواز اور ملازمین کے ترقیاتی پروگرام جو تمام وفاقی اور صوبائی قوانین اور ضوابط روزگار متاثر مکمل طور پر ختم ہونا چاہیے کہ بات کو یقینی بناتی کمیٹی قائم کی ہے۔ ہررک کے اہداف اور مقاصد کی سینئر ایگزیکٹو اور چیف ایگزیکٹو کو تفویض کیے سیٹ کے خلاف کارکردگی کا جائزہ افسر ہے۔ کمیٹی کو جو دوری ڈائریکٹرز اور سینئر اہلکاروں کے لئے بورڈ اور کمیٹی کے ارکان کا تشخیص عمل کی سفارش بھی شامل ہے بورڈ آف ڈائریکٹرز کی طرف سے تفویض کردہ حوالہ کی شرائط کے تحت چلاتا ہے۔

کاروباری سماجی ذمہ داری کی پالیسی

اس کمیٹی کو CSR کی پالیسی کے ذریعے مصروف رہتے بذات خود مجموعی طور پر فائدے کے معاشرے اور کمیونٹی کے لیے فلاحی خدمات کی طرح مختلف فورم پر کئی پروگراموں میں۔ یہ آخر کار کارپوریشن جو ملازمین کے حوصلے کو فروغ دینے اور ملازم کے درمیان ایک مضبوط تعلق پیدا کرتا ہے اور وہ دنیا بھر کے ان کے ساتھ زیادہ منسلک محسوس کرتے ہیں۔

صحت، سیفٹی اور ماحولیات کی پالیسی

کمپنی کو مکمل طور پر صحت کے لئے طے کیا ہے اور سب کام عمل میں لاتا ہے کہ بات کو یقینی بنانے کا مقصد ہے کہ حفاظتی اقدامات کو محفوظ طریقے سے کیا جاتا ہے۔ اسے ہٹا یا خطرہ کم صحت، تمام ملازمین، ٹھیکیداروں اور زائرین اور جو کاروباری امور کی طرف سے متاثر ہو سکتا ہے کسی اور کی حفاظت کے لیے ہر ممکن کوشش بنانا ہے۔ اس کے علاوہ، عنایت ماحولیاتی مینجمنٹ کے معیارات پیداوار کے عمل کے ماحولیاتی اثرات کو کم سے کم اور عمل کی کارکردگی کو بہتر بنانے کی یقین دہانی۔

انسانی وسائل اور پندرہ پیری کو بہتر بنانے اور کمیٹی میں ہماری افرادی قوت کے معیار کو بڑھانے پر توجہ دی۔ تجربہ کار اور تعلیم یافتہ انسانی چینلجوں کو پورا کرنے کے لئے وسائل کمیٹی میں ملازم ہے۔ کمیٹی بھی کرنے کا ارادہ رکھتی اپنی ٹیم کو مضبوط بنانے، تنظیم کے ڈھانچے اور تاثیر میں بیدار کرنے کے طریقوں کو مضبوط ملازم کارکردگی کے اس جائزے کو استعمال کریں۔

ایگزیکٹو ڈائریکٹرز کے بدلہ پالیسی کے ڈائریکٹرز کے بدلے فیچر تیار اور دفعات کمیٹیوں ایکٹ 2017 کمیٹیوں کی تنظیم کے مضمون کا بوا آؤ سبجیکٹ کے لئے انسانی وسائل اور صلہ کمیٹی (ہررک کی طرف سے سفارش کی جاتی ہے اور کارپوریٹ گورننس ضابطہ کا کوڈ۔

ایگزیکٹو ڈائریکٹرز کے معاوضے کے طور مارکیٹ مسابقت میں یکساں کمپنیاں ایک جیسی ہے جس کو سامنے رکھتے ہوئے کی طرف سے متعین کی جاتی ہے، کی حالت میں بھی مہارت کی سطح کو سامنے رکھتے ہوئے، تجربہ، بورڈ اسٹریٹجی اور سالانہ اجلاسوں کی گنجائش ہے۔

ہررک جو بورڈ کی ملاقات میں منظور کیا ہے کی طرف سے تجویز کردہ مقررہ ماہانہ تجوہ کی بیرونی کے لئے منظوری کے ارکان کی طرف سے عام طور پر مستحق ایگزیکٹو ڈائریکٹرز سے ملاقات۔ کوئی فیس یا مزدوری واجب ہوگا یا تو کرنے کے لئے غیر ایگزیکٹو یا آزاد ڈائریکٹرز ہیں۔

شاریہولڈانگ کا نمونہ

شاریہولڈانگ اور شاریہولڈانگ کے اسلوب کے بارے میں اضافی معلومات کا نمونہ علیحدہ علیحدہ سے منسلک ہے۔ متعلقہ پارٹی کے تمام متعلقہ پارٹی لین دین (RPT) میں سیکورٹیز اینڈ ایکسچینج کمیشن کی طرف سے پاکستان کے جاری کردہ نوٹیفکیشن کے بموجب جگہ میں ایک سخت پالیسی دیکھو ایس آر او (1) 768 سیڈنی اور ہدایات کا حتمہ کمپنی کی پالیسی میں شامل کیا گیا ہے ہے لین دین اور دیکھ بھال کے ریکارڈ کے حوالے۔

بورڈ کی تخصیص

کمپنی بورڈ کے جائزے کے عمل اندرونی ریگولیشن (v)(3)10 کے ضابطہ کا بورڈ کی کارکردگی، بورڈ کے ارکان اور اس کمیٹی کے ممبران کا اندازہ کے لئے کارپوریٹ گورننس 2017 کی تعمیل میں منعقد کرنے کی چالیں ہیں۔

ایک جامع جائزہ لینے عمل ہو رہا ہے، قانونی دستاویزات منٹ بورڈ اور کمیٹی میٹنگوں، جگہ اور دیگر ضمنی دستاویزات میں پالیسیاں اس وقت باہر اتلا لنگ questionnaires، بورڈ اور کمیٹیوں کے ارکان سے بات چیت۔

بورڈ کی تشکیل کی نگرانی کلگ 2017 نوڈائزیکٹرز کی بورڈ کے تحت 36 کی ضرورت کے طور پر مندرجہ ذیل پر مشتمل ہے۔

بزرگ کوئی زمرہ صنفی کل آزاد (i) ڈائریکٹرز 1

(ii) ایگزیکٹو ڈائریکٹرز 2

(i) غیر-ایگزیکٹو ڈائریکٹرز 6

بورڈ اور آڈٹ کمیٹی اجلاس

درج ذیل منعقد اور 2017-18 کے دوران بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور انسانی وسائل & صلہ کمیٹی کی طرف سے شرکت کی ملاقات کی تعداد ہیں:

کمیٹیاں

افراد قوت اور مشاہیرہ		آڈٹ		بورڈ آف ڈائریکٹرز		ڈائریکٹرز کا نام
شریک	شرکت کے اہل	شریک	شرکت کے اہل	شریک	شرکت کے اہل	
-	-	-	-	4	4	جناب محمد سلیم
-	-	-	-	4	4	جناب محمد شریف
2	2	-	-	4	4	جناب محمد شاپین
-	-	-	-	4	4	جناب خرم سلیم
-	-	-	-	4	4	جناب بلال شریف
-	-	6	6	4	4	جناب محمد امین
-	-	6	6	4	4	جناب عادل شکیل
2	2	-	-	4	4	جناب حمزہ شکیل
2	2	6	6	4	4	جناب اقبال محبوب

آڈٹ کمیٹی

آڈٹ کمیٹی کے تین اراکین کو جس کے چیئرمین ایک آزاد ڈائریکٹر ہے جبکہ تمام دوسرے غیر-پر مشتمل ہے۔ ایگزیکٹو ڈائریکٹرز اور پان کے بورڈ آف ڈائریکٹرز کی طرف سے حوالے کی شرائط کے تحت اپنی ذمہ داریاں تفویض کیا جاتا ہے۔

عالمی مسادات بازاروں نہ صرف محتاط ہو گیا لیکن یہ توقع ہے کہ یورپی یونین (EU) کے خلاف سب سے محصولات کی ایک بڑی تعداد کو شروع کرنے کے لئے پوری طرح تیار ہے بوم سائیکل پر عالمی بھٹا چار یہ آئندہ باتے ہے کہ دیکھنا شروع کر دیا ہے ریاست ہائے متحدہ امریکہ سے برآمد کرتا ہے۔ اس کے نتیجے میں، چین اور یورپی یونین کے ساتھ امریکی ٹریف جنگ عالمی بین الاقوامی تجارت سے جنوب مشرقی ایشیا، جنوبی مشرق وسطیٰ کے ممالک ترکی جیسے پہلے ہی خلاف ہیں جبکہ امریکہ کو جنوبی ایشیا میں بڑھتی ہوئی مثبت فراہم ہو رہا ہے امریکہ کے ساتھ ٹریف محرومی ہے جس ہے جس دنیائے اسکالانا ٹانگان ٹریف جنگ عظیم ٹریف میں جنگ کرتے ہے کے طور پر۔

نو منتخب حکومت کے لیے سب سے بڑا چیلنج میکرو اکنامک استحکام جو وقت کی ضرورت ہے جیسا کہ نیچے لیسے کے لیے سیاسی خاک کے لئے انتظار کرنے کے لئے کوئی وقت ہے دوبارہ حاصل کرنے کی کوشش کریں۔
نئی قیادت کو وہ اقتصادی ترقی پر تعمیر اور عوامی توقع کو پورا کرنا چاہتا ہے تو محنت سے کام کرنا ہوگا۔

کارپوریٹ گورننس کے کوڈ کے ساتھ تعمیل
کارپوریٹ گورننس کے کوڈ کے ساتھ تعمیل کے بیان کو شامل کر لیا ہے۔
کارپوریٹ اور مالی رپورٹنگ کے فریم ورک پر بیان

آپ کی کمپنی کے ڈائریکٹرز نے پاکستان سٹاک ایکسچینج لیویڈ اور سٹاک ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ ہدایات کے قواعد کی فہرست اپنی ذمہ داریوں کی کمپنیاں 2017 ایکٹ کے تحت ضابطہ کارپوریٹ گورننس ضوابط، آگاہ ہیں۔ لیکن ریگولیشنوں کی تعمیل کا ایک حصہ کے طور پر ہم مندرجہ ذیل کی تصدیق کریں:
ان مالی بیانات تیار کمپنی، موجودہ کے انتظام کی طرف سے کافی اس ریاست کے معاملات، آپریشن، نقد کا بہا اور مسادات میں تبدیلیوں کا نتیجہ ہے۔
موزوں کتابیں کمپنی کے اکاؤنٹ سے برقرار رکھا گیا ہے۔

مناسب اکاؤنٹنگ پالیسیاں مسلسل مالی بیانات کی تیاری میں لگائے گئے ہیں اور اکاؤنٹنگ اندازوں کے مطابق معقول اور محتاط عدالت پر مبنی ہیں۔
بین الاقوامی مالیاتی رپورٹنگ کے معیار، پاکستان میں قابل اطلاق کے طور پر مالی کے بیانات کی تیاری میں کے بعد کیا گیا ہے۔
اندرونی کنٹرول کے نظام ڈیزائن میں آواز تھی اور ہے گئی معطر یقے سے نافذ اور نگرانی کی جاتی ہے۔
ایسی ایک مسلسل تشویش کے طور پر جاری رکھنے کے لیے کمپنی کی صلاحیت پر کوئی اہم شکوک و شبہات تھے۔
وہاں کوئی مادی راہی اسٹنگ ریگولیشنز میں تفصیلی طور پر کارپوریٹ گورننس کے بہترین طور طریقوں سے رہا ہے۔
ہم تیار اور ایک ضابطہ اخلاق کے ذریعے اور ڈائریکٹرز اور ملازمین کے درمیان تجارتی حکمت عملی میں تقسیم کیا ہے۔
بورڈ آف ڈائریکٹرز ایک وژن اور مشن کے بیان اور مجموعی طور پر کاروباری حکمت عملی کا ایک بیان اختیار کیا ہے۔
تمام ڈائریکٹرز اس عمومی اجلاس تک شرکت کی ہے معقول وجہ سے روکنا ہے۔

ان ذمہ داریوں، کردار، اجرت، طاقتوں اور ایم کوڈ کارپوریٹ گورننس، کمپنیوں ایکٹ اور مضمون کی ایسوسی ایشن کے مطابق ان شرائط پر ذمہ داری کے ساتھ تمام ڈائریکٹرز تفویض کی جاتی ہیں۔
کمپنی کے تمام ڈائریکٹرز منظور شدہ ڈائریکٹرز ٹریڈنگ پروگرام (DTP) کے تحت (جیسا کہ کارپوریٹ گورننس کے کوڈ ضابطہ کا مستثنیٰ ہے)۔
وہاں ایک رسمی پالیسی کا حقد ڈائریکٹرز کے پھل، انسداد ذمی لائڈرنگ اور رسک مینجمنٹ کے بورڈ کی طرف سے منظوری دے دی ہے۔

ضرورت کے طور پر کوڈ کارپوریٹ گورننس کی طرف سے، ہم مندرجہ ذیل معلومات اس رپورٹ میں شامل ہیں:
اے شار یہولڈنگ کے رجحان کا بیان الگ الگ دی گئی ہے۔
اے حصص کا بیان سے وابستہ عزائم کی طرف سے منعقد کیا اور افراد سے متعلق ہے۔

اے سال اور حاضری کے دوران ہر ڈائریکٹر کی طرف سے منعقد بورڈ کے اجلاسوں کا بیان الگ الگ دی گئی ہے۔

کلید پر بینگ اور مالیاتی اعداد و شمار گزشتہ چھ سالوں کے لئے ٹیکس اور لیویز کے بارے میں معلومات کا پورے طور پر مقبوضہ آڈٹ شدہ مالی بیانات میں انکشاف کیا گیا تھا۔
کمپنی نئی سے مندرجہ فہرست کمپنیوں کے لئے کانفرنسز کی ممانعت پر ایس ای سی پی کی طرف سے جاری کردہ ہدایات پر عمل کریں اور کوئی ٹریڈنگ کمپنی کے حصص میں کیا اس کے ہدایت کار، سی ای او، کف، کمپنی سیکرٹری، اندرونی آڈٹ کے سربراہ اور ان میاں بیوی کی طرف سے اور معمولی تھا۔ سوائے ایک بچے کے طور پر شار یہولڈنگ کے اسلوب میں انکشاف کیا۔

مالی کے بیانات

2017 کمپنیوں ایکٹ کے تحت مطلوبہ بطور پس اور سیکورٹیز چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر کی طرف سے جاری کردہ ہدایات کی لسٹنگ ریگولیشنز کا حوالہ دہاؤں اور کیلئے اپنے متعلقہ دستخطوں کے تحت مالی بیانات پیش اور ڈائریکٹرز کی بورڈ کے بورڈ کی منظوری کے بعد غور اور منظوری، مجاز مالی بیانات کے اجراء اور گردش کے لیے دستخط بنائیں۔ کمپنی کے مالی بیانات کا حوالہ کمپنی کی کارکردگیوں کی کاؤٹ کیا گیا ہے، مشتاق & کمپنی، چارٹرڈ اکائونٹنٹس اور کارکردگیوں مالی بیانات پر پاک آڈٹ رپورٹ 30 جون سیڈنی ختم ہوئی سال کے لیے جاری کیا ہے اور صاف نظر ثانی بیان کے کوڈ کے کارپوریٹ گورننس پر اطلاع دیں۔ یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

اکاؤنٹنگ کے معیارات

کمپنی کے اکاؤنٹنگ پالیسیاں مکمل طور پر کمپنیوں ایکٹ، 2017 اور اس طرح منظور شدہ بین الاقوامی حساب کتاب معیارات اور بین الاقوامی مالیاتی رپورٹنگ کے معیار کی ضروریات اس ایکٹ کے تحت ہی کے ذریعے مطلع کیا گیا ہے کے طور پر عکاسی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ ہدایات۔

کپاس پر جائزہ

فصل کی کاشت ترکیب غلہ موجودہ ہونے موسم تھے حاصل کیا 91 فیصد سے بھی زیادہ اس نے علاقے میں گزشتہ سال کے اسی عرصے کے دوران کپاس کی فصل کاشت نسبت 1.0 فیصد کی طرف سے چڑھ کے طور پر ہے۔ اور کھیتی صوبہ پنجاب میں کپاس کی کاشت پر 2.29 ملین ہیکٹرز میں جبکہ سندھ میں بیاطمینانی پیدا کر فصل میں 40 فیصد کی واقع ہوئی تھی اور کم مشوروں کی طرف منسوب 2.31 ملین ہیکٹرز کے تحت دور کے لئے اہداف پر نظر ثانی کا سیٹ کے خلاف تھا۔ وقت کے طور پر ساتھ ساتھ فصل آبپاشی کے لئے پانی کی قلت اور کھیتی فصل کے دوران خشک موسم کے ساتھ رجحان ہے۔ بلوچستان اور خیبر پختونخوا صوبے فصل کاشت کرنے ایک کام سونپا گیا 0.1 لاکھ ہیکٹرز سے زائد ہے۔ پنجاب & خیبر پختونخواہ میں حالیہ بارشوں کا کپاس کے تحت علاقہ کو بلانے میں مدد کے ساتھ ساتھ پیداوار میں اضافہ۔

ٹیکسٹائل کے شعبے اور مستقبل کے چیلنجوں پر تجزیہ

ٹیکسٹائل صنعت کو پاکستان کے لیے زرمبادلہ کی آمدنی کا اہم ذریعہ رہا ہے۔ صنعت گرانٹس جیسے مختلف رعایتوں کے ذریعے متعدد حکومتوں کی طرف سے شرف تھا اور گمان ہے کہ اس میں مدد ملے گی کے ساتھ ٹیکس چھوٹ کو برقرار رکھنے اور برآمدات میں اضافہ ایک پائیدار انداز میں۔

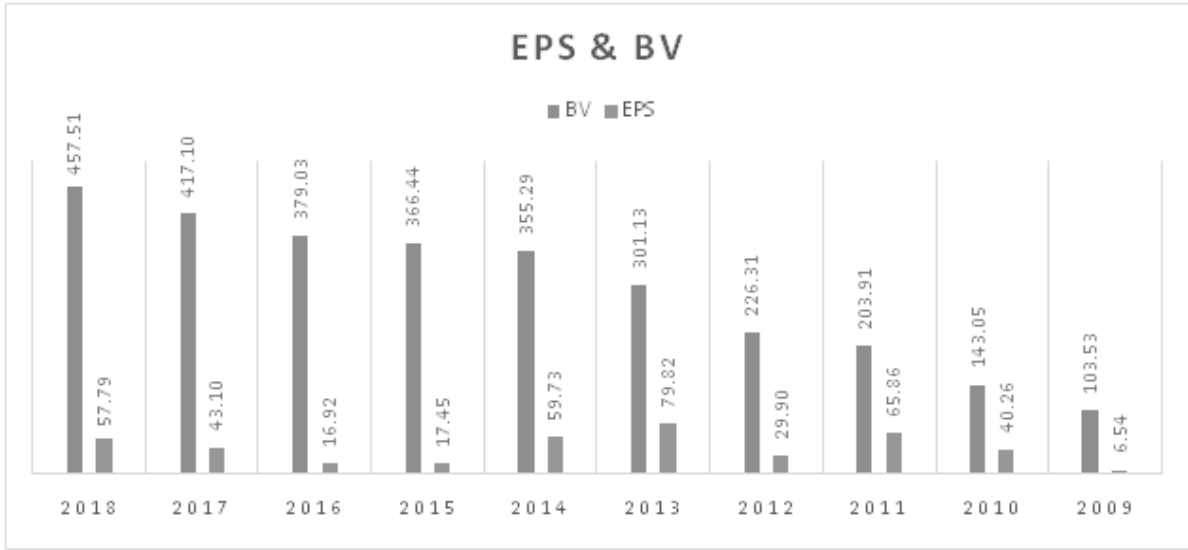
تاہم، یہ چونکہ رعایتوں کے ساتھ تازہ ترین مشینری کے ذریعے پیداواری صلاحیت کو بہتر بنانے اور ترقی یافتہ مینوفیکچرنگ جیسے کسی بھی تکنیکی پیرامیٹرز، ربط ہوتا تھا نہیں حقیقت اس سے ایسا نہیں ہوا۔

پاکستان میں ٹیکسٹائل کی صنعت کی عام طور پر تجزیہ کار اور لاگت مقابلہ لیبر کے ساتھ ساتھ مقامی دستیابی کپاس کی بنیاد پر کیا گیا ہے۔ اس طرح، ٹیکسٹائل صنعت مسابقتی رہیں گے کا ایک ایسا تصور تھا۔

تاہم، وقت، متروک مشینری اور پرانی عمل کے ساتھ خامیوں اپنی مسابقت کو متاثر کرنے والے کی صنعت میں پیدا کیا۔ اس کے علاوہ کوئی بھی سری لنکا جیسے ممالک میں گھومتا اور بنگلہ دیش، بھارت، چین اور جاپان اور بہتر پیداوار کے مقابلے میں کودنے اور ہمیں ہمارے اپنے کھیل میں شکست دے۔

عالمی اقتصادی اور معاشی محاذ پر متواتر سے ریاست ہائے متحدہ امریکہ اور چین کے درمیان تجارت کر رہی شو میں بسانے کے بہت تھوڑی امید مسلسل کے ٹاریڈس پیش کرتے ہیں۔ ریاست ہائے متحدہ امریکہ کو زیادہ سے زیادہ سنگین درآمدی محصولات نہ صرف چین بلکہ یورپی یونین، کینیڈا، میکسیکو، برطانیہ پر بھی slamming کے بارے میں اور دنیا کے زیادہ تر حصوں میں ظاہر ہوتا ہے، کئی سرمایہ کار اب اسے سنجیدگی سے لینے لگتا ہے۔ یہ عالمی تجارت کا زیادہ منفی نقطہ نظر کے لئے زیادہ سے زیادہ سرمایہ کاروں کی قیادت ہے۔

ایشیا کپاس، خام تیل، لوہے اور ایلومینیم حکام کے درمیان سیاسی کشیدگی میں اضافہ کی وجہ سے بد قسمتی کا سامنا کرنے کے لئے جارہے ہیں جیسے امریکہ، چین اور resultantly یورپی یونین اور ابھرتی ہوئی مارکیٹوں کی طرح ہے۔



نقدی کی حکمت عملی

ورکنگ کپینٹل مینجمنٹ کمپنی کو یقینی بنانے اور افسردہ ہے اور وسائل سے کام دار الحکومت باندھ کے زیادہ سے زیادہ استعمال کے لئے موثر ورکنگ کپینٹل مینجمنٹ پر مرکوز اس طرح کسی بھی کاروبار انٹرنیٹ پر ان کی کامیابی میں اہم کردار ہے۔

رواں سال کے دوران کمپنی 160.431 ملین روپے کے انچارج طویل مدتی قرض ادا اور 73.894 ملین اور 481.612 ملین روپے کے لیے بالترتیب جبکہ انچارج مختصر مدت اور طویل مدتی قرض اٹھایا 170.705 لاکھ روپے نقد رقم کے آخری حصہ کی طرف کہ موجودہ سال کے دوران کمپنی کی طرف سے دی جاتی ہے۔

مالی لیوریج

ایک کمپنی کے لیے دار الحکومت ساخت کے اجزا پر ایک فیصلے کی اہمیت ہے اور ایک ممکنہ اثرات پر منافع اور طویل مدتی پائیداری اس طرح ساخت کے یہ اس سے زیادہ سے زیادہ فائدہ اور ہے کہ اس طرح میں رکھا گیا ہے متحرک کاروباری ماحول کو اختیار کرنے کے قابل ہے۔

طویل مدتی ادھار سال پر 1,475.536 ملین روپے پر کھڑے ہوئے (2017) روپے 1,626.136 ملین (ریجنز تناسب قدرے 0.51 کے لئے 0.47 سے موجودہ سال کے دوران اضافہ کیا گیا ہے لیکن ابھی بھی یہ کر سکتے ہیں جبکہ شمار ایک کم بیجانے ہستی کے طور پر۔ اسی طرح جو 2.84 پر ختم جون سیڈنی (3)۔ سال کے آغاز پر کھڑے تھے کہ موجودہ سال کے دوران 0.78 کی طرف سے حالیہ تناسب میں ایک امر زوال ہے۔ (2017: 62: لیکن پھر بھی یہ ہے کہ کمپنی بہت مستحکم اور مالی آواز کی عکاسی کرتا ہے۔ شارپ ہولڈرز فنڈ سیڈنی ختم ہوئی سال کے لیے ایک بڑھتی ہوئی اور میں کھڑا روپے 4,575.102 ملین دکھایا (2017: 4,171.012 ملین روپے)

بمراور توسیع منصوبے کے دوران سال بورڈ ہر مشینری کی کمپنی برابر جدید ترین ٹیکنالوجی کے ساتھ رکھنے کے لئے منظور دی دے دی ہے۔ کمپنی کے بمر عمل کی راہ ہموار کرنے کے لئے کاپ 468.000 ملین کے تازہ ترین فضائی جیٹ کے منڈلاتے سائے، انجن اور مشینری کے لئے منظور کر لی گئیں۔

گریڈ ریٹنگ

A/A1 کی تہی درجہ بندی) ایک / ایک ایک واحد (کو کمپنی کی طرف ریٹنگ کمپنی میسار کے جکر VIS- کی طرف سے تفویض کیا گیا ہے اشعر تفویض کردہ ریٹنگ "مستحکم" ہے۔

ڈائریکٹرز کی رپورٹ

ہم بورڈ آف ڈائریکٹرز کے اوفایا بل ملز لمیٹڈ کٹائی پر آڈٹ شدہ مالی بیانات کارکردگیوں کی رپورٹ کے ساتھ مل کر کمپنی کی سالانہ رپورٹ اس پر سال 30 جون، 2018 کے خاتمے کے لیے پیش کرنے کے لئے راضی ہیں۔

آپریشنل نتائج آپریشنل نتائج یہاں کچھ اس طرح ہیں:

2017 روپے	2018 روپے
10,563,662,932	11,842,981,031
9,516,681,424	10,534,518,803
1,406,981,508	1,308,462,228
494,493,622	721,442,792
44,726,258	144,142,228
-	(5,759,731)
18,773,532	5,189,039
63,499,790	143,571,536
430,993,832	577,871,256
43.10	57.79

فروخت

قیمت فروخت کے

مجموعی منافع

ٹیکس کی وصولی سے پہلے نفع

ٹیکس کی وصولی

موجودہ سال

گزشتہ سال

ملتی

ٹیکس کی وصولی کے بعد فائدہ

نی شیئر آمدنی بنیادی اور کم ہوگی

کام کے نتائج کے دوران کے بھرہ کے تحت سال حاصل کمپنی کی فروخت 10,563.662 ملین روپے کے مقابلے 11,842.981 ملین روپے کی میں گزشتہ سال کا جائزہ لیں۔

مجموعی منافع گزشتہ سال میں 9.91% 11.05% کے مقابلے میں کھڑے ہوئے فروخت کے ایک فیصد کے طور پر۔ مجموعی منافع میں اضافہ موجودہ سال چھوٹ اور exchange کے لئے بنیادی منسوبی گزشتہ سال کے مقابلے میں پیداوار کے اخراجات پر سخت کنٹرول ڈالنے کے علاوہ ہر آمد کی فروخت پر حاصل کرتے ہیں۔

30 جون، 2018 گزشتہ سال کے منافع کو انچارج ٹیکس کے بعد مقابلے روپے 430.994 million کے لئے 577.871 ملین روپے کی ٹیکس کے اس سال کے دوران ختم ہونے کے بعد کمپنی ایارنس منافع۔

ثمرات اور ذخائر ہیبت

گزشتہ سال 2017 میں منافع 172.50 فیصد پر ہوں۔ جبکہ رواں سال کے ڈائریکٹرز کی بورڈ کے ایک حتمی نقد منافع 116.00 فیصد یعنی 11.60 روپے فی شیئر کی آڈٹ کمیٹی کی منظوری کے شمار یہ بولڈرس میں آئندہ کے لئے سفارش کے ساتھ لائن کی سفارش کرنے کے لئے خوش ہیں یعنی روپے 17.25 کمپنی کی طرف سے دی جاتی ہے اکتوبر، 25 سیڈنی کو کی میقات بندی سالانہ جنرل میٹنگ۔

اس کے علاوہ، ڈائریکٹرز روپے کی ایک رقم منتقل کرنے کی تجویز دی * * * ملین جنرل ریزرو کے مستقبل میں کسی بھی ناگہانی مصیبت ناگہانی سے ملاقات کرنے کے لیے۔

کمانے اور بریک اپ قدر حصہ کمپنی کے فی شیئر روپے 43.10 to روپے 57.79 رجیم کی قدر و قیمت روپے 457 روپے 417.10 سے کا حصہ سے دونوں آمدنی میں اضافے کی طرف سے دکھایا گیا شمار یہ بولڈرس کی طرف اپنے پختہ عزم کی نمائش ہے۔ اسی سال کے مقابلے رواں سال during 51 ہے۔

PROXY FORM

I/We _____
of _____
being a member of **FAISAL SPINNING MILLS LIMITED** and holder of _____
ordinary shares as per Share Register Folio No. _____ and/or CDC Participant
ID No. _____ and Sub Account No. _____ hereby appoint
Mr./Mrs./Miss _____ of _____ or failing
him/her _____ of _____ as my / our
proxy to act on my/our behalf at the 34th Annual General Meeting of the Company to be held on
Thursday 25th October, 2018 at 17:00 at Umer House, 23/1, Sector 23, S.M. Farooq
Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

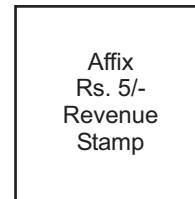
WITNESS

Signature _____

Name _____

Address _____

CNIC/Passport # _____



(Signature should agree with the specimen signature registered with the Company)

Signed this _____ day of _____ 2018

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **FAISAL SPINNING MILLS LIMITED**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

- (i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
- (ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.
- (iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.

پرکسی فارم

میں کے _____ کے رکن اور عام شیئر کے حامل کی حیثیت کے _____ (شیئر کی تعداد) _____ اور ڈی بی سی فوئیو کا آئی ڈی نمبر _____ اور ڈی بی ا کاؤنٹ نمبر _____ کے _____ یا _____ کے _____ کو کمپنی کے سالانہ اجلاس جو 25 اکتوبر 2018 کو منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحیثیت اپنا پرکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط _____ بروز _____ تاریخ _____ / _____ 2018۔

گواہان:

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

دستخط شیئر ہولڈر

(دستخط کا کاپی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے)

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم مینڈیگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیے۔ نمائندے کو کمپنی کا رکن ہونا ضروری نہیں۔ سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرد افراد درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ تصدیق شدہ نقل یا پاسپورٹ، پرکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

REGISTERED OFFICE

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan

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